THE Public Interest

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PPBS: ITS SCOPE AND LIMITS

Editors' Note

In 1966, a new form of decision-making, called Planning-Programming-Budgeting System, hailed by its adherents as revolutionary in its implications, was ordered introduced into each cabinet agency by President Johnson. (See "PPBS Comes to Washington" by Virginia Held, *The Public Interest*, Summer, 1966.) PPBS is a system of grouping together under one rubric similar functions (in the U. S. government today, "education" is dispersed among 40 different agencies) and making comparisons of objectives and programs to see which are more "effective."

The problem, of course, for any analyst is what one means by the term "effective." How does one measure "retraining programs," or "safety campaigns," or "cancer detection" programs and the like? In short, how does PPBS actually work? We asked three persons to deal with this subject for us. William Gorham, Assistant Secretary for Program Coordination in the Department of Health, Education and Welfare, is the policy maker responsible for introducing PPBS into his department, and his first studies have attracted wide attention in Washington and elsewhere. Elizabeth Brenner Drew, a journalist in Washington, describes and analyzes these pioneering studies—the first in which the government seeks to evaluate how its money is spent. Aaron Wildavsky, professor of political science at the University of California at Berkeley, raises some critical questions about the limits of "technocratic" decision-making in political systems.

We should like to express our gratitude to the Carnegie Corporation for a grant that made these articles possible.

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Notes of a practitioner

WILLIAM GORHAM

With the introduction of the Planning-Programming-Budgeting System in all Federal agencies, some people now imagine that "cost-benefiters," using computers, are taking over decision-making in the Federal government. They assume that weapons decisions were made solely on that basis in the Pentagon and that this "new breed" is moving in to take over the civilian agencies as well.

Such a notion about decision-making in government, or the idea that computerized cost-benefit analysis blueprints the choices for an administration, is silly. Anyone in government knows that most decisions on spending emerge from a political process and are most heavily influenced by value judgments and the pressures brought to bear by a wide range of interested parties. A further point is that the tools of analysis are still fairly primitive—we are learning as we go along—and the best they can now do is to clarify some of the consequences of choices.

The Planning-Programming-Budgeting System is a framework for planning — a way of organizing information and analysis in a systematic fashion so that the consequences of particular choices can be seen as clearly as possible. It attempts to do three things: (1) to display information about the functioning of actual government pro-

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grams so that it is possible to see easily what portion of Federal resources is being allocated to particular purposes, what is being accomplished by the programs, and how much they cost; (2) to analyze the costs of alternative methods of achieving particular objectives so that it is possible to rank the alternatives in terms of their relative costs; (3) to evaluate the benefits of achieving objectives as comprehensively and quantitatively as possible in order to facilitate the setting of priorities among objectives. These three activities are interrelated and build on each other. We are concentrating here on the role of analysis – especially cost-benefit analysis – in the PPB System and the decision-making process.

To turn, first, to the political realities: Regard some of the difficulties facing the Secretary of Health, Education, and Welfare in designing a budget and legislative program which he seeks to measure in cost and benefit terms. Clearly, both the President and the Congress may have preferences about programs—preferences which may be unrelated to such costs and benefits. Congressional support may develop for a particular program because its beneficiaries are numerous, or are politically powerful or vocal. Or there are the accidental facts: the chairman of a relevant committee is interested in deaf children because he has one, or in cardiac research because he just had a heart attack. It may be easier to win passage of an increase in Social Security benefits, because such benefits are financed from a payroll tax, than for increases in Public Assistance, which must come out of general revenues. Similarly, it may be easier to get Congress to build highways out of the proceeds of the gasoline tax than to devote general revenues to building schools or hospitals.

This complex interplay of forces in Congress makes decision-making in the Executive Branch a complicated game. The President must frame his budget in a fashion consistent with the state of the economy, and he must divide the total among Departments and Agencies. The Secretary of HEW must allocate his own portion among competing programs in his Department. But both the President and the Secretary are aware that they are not cutting a pie of known size. If the Executive Branch wants a large pie, it must guess accurately which programs the Congress will find most attractive.

The benefits—how much to whom?

Even if the benefits of Government programs were unequivocally measurable, the President and the Secretary would still be faced with a continuing question of judgment and strategy. Should they push programs which are likely to win public and Congressional support easily and quickly? Or should they seek to educate Congress and the public, over the long run, to approve programs which, on some objective basis, appear to have higher benefits than the popular ones?

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The benefits, of course, are not unequivocally measurable. Anyone who tried to feed estimates of the benefits of health, education, and welfare programs into a computer would face at least four major impediments.

First, there is the technical problem of absence of data. Even when the analyst knows what benefits he wants to measure, it is very difficult to obtain the measurement. Most health, education, and welfare programs are directed at changing the lives of people in some way. In order to measure the benefits, we have to find out what actually happened to the people affected by the program. We have to find out whether students receiving loans and scholarships actually were graduated from college; whether persons treated for tuberculosis actually recovered; whether handicapped recipients of vocational rehabilitation actually found jobs. This kind of follow-up information is difficult and expensive to collect.

The problems of benefits measurement, however, are not just technical; they are conceptual. It is far from obvious how the benefits of most health, education, and welfare programs should be defined. For example, Title I of the Elementary and Secondary Education Act provides special funds to local school districts for the education of deprived children. What is it that we want to measure? Should we test the children to see whether their reading comprehension, or their arithmetic achievement, has improved faster than would have been expected? Should we ask them whether they liked school any better or felt more confident of their abilities? Shall we wait and see whether they drop out of school less frequently, commit fewer crimes as teenagers, or go in greater proportions to college? Or shall we wait a decade or two and see how much they earn as adults, and whether, in fact, the cycle of poverty has been broken?

Even if we could conceptualize and measure the benefits of particular programs, there is the fact that benefits of different programs go to different people. Shall equal benefits to different individuals in the population be weighted equally? Is it equally important to raise the educational attainment of a suburban child and a slum child? Should an additional hundred dollars in welfare payments going to a mother with six children in Mississippi be weighted the same as an additional hundred dollars in Social Security payments going to an old man in Chicago? If the weights should not be equal, what should they be? Finally, even if benefits of different programs can be identified and measured and weighted, they cannot always be measured in the same units. Educational benefits may be measurable in terms of achievement test scores, and health benefits in terms of lives saved or days of sickness averted, and welfare benefits in terms of families rescued from poverty. When these benefits are forced into monetary terms, a great deal of violence is inevitably done to their inherent

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heterogeneity, and useful information is suppressed. The incommensurability of the benefits makes it difficult for cost-benefit analysis to contribute greatly to the choices that must be made among major categories like health, education, and welfare. For such decisions, the major contribution of analysis will be in providing the "trading" terms of resources devoted to different purposes. The decision-maker will be better off because he will be comparing not inputs but rather alternative *outcomes* of resources added to education, to health, or to other social programs.

Cost-effectiveness analysis

While the big choices may not be greatly illuminated by cost-benefit analysis, the narrower ones can be. It is possible to group programs and potential programs which have the same objective and to examine the effectiveness (relative to cost) of each in reaching that objective. If the objective is to save lives through control of disease, it is clearly helpful to examine various disease control programs and try to estimate how many lives would be saved per dollar expended on each type of program. If we want to raise the earning power of unemployed or under-employed individuals, it makes sense to examine various kinds of training and employment programs in order to compare the effectiveness of these programs in raising the earnings of people being re-trained. If we seek to cut infant mortality, rational decision-making will be facilitated if analysts assess the relative efficency of different health programs. Several analyses of this type have been done at HEW in the last year-and-a-half. (See Mrs. Drew's article in this issue for a review of these studies.)

Yet even this limited type of analysis is difficult to do. In the past, only meager data on the actual effectiveness of Federal programs have been collected and improving such data-collection systems is costly and takes time. Information on the potential effectiveness of new programs is even harder to assemble. If all cars had seat belts, would drivers use them? If all children saw pediatricians regularly, how much healthier would they be? Answers to questions like these depend on guesses and inferences derived from fragments of evidence pieced together from many sources.

But the very process of analysis is valuable in itself, for it forces people to think about the objectives of Government programs and how they can be measured. It forces people to think about choices in an explicit way. It is an important tool in the fight against creeping incrementalism — "ten percent to those with the most bureaucratic or political muscle, five percent to all others." A major job of the analyst is to help the decision-maker realize that an extra dollar spent in one way may involve greater welfare gain than a dollar spent in another way.

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Making government programs more effective

Within any one program, the variation in effectiveness among individual projects or localities is tremendous. A surprise to the analysts in HEW was the contribution they could make to upgrading the programs themselves and in identifying successful methods of reaching an objective. Title I of the Elementary and Secondary Education Act, for example, is essentially a vast experiment designed to find effective ways of reaching disadvantaged children. We know that most school systems have not been doing a very good job with these children, but there is no consensus among educators about how to do better. There is consensus among politicians, educators, and the parents of the disadvantaged children that we must do a better job. Title I allows local educational authorities to spend money in a variety of ways ranging from remedial reading to cultural enrichment programs, such as trips to museums; from breakfast programs to after-school and evening activities; from programs aimed at pre-school children to those aimed at senior high school students. Among the analyses to which we are giving high priority in the Department at the moment is a major attempt to see what has been learned from this experiment which can help communities spend their money more effectively in the future. We are trying to answer such questions as: Are programs for small children more effective than programs for teenagers? Is it necessary to concentrate the funds on sizeable expenditures per child in order to have any significant impact? What types of programs seem to be the most effective? Definitive answers to these questions will be a long time coming, but even tentative indications may substantially improve the effectiveness with which the money is used.

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HEW grapples with PPBS

ELIZABETH B. DREW

As interesting as watching what happens to government when confronted with program planning is observing what happens to program planning when confronted with government. In August 1965, President Johnson called a breakfast meeting of his Cabinet officers and informed them that he was ordering a Planning-Programming-Budgeting System (PPBS), which had shown promising results in the Pentagon, installed throughout the rest of the Executive Branch. Inquiring reporters were told by government officials that shortly we could establish the relative pay-offs of, say, building a dam in Florida, or improving Indian schools, or eradicating syphilis. Henry Rowen, formerly of the Pentagon and now president of the Rand Corporation, was installed as Assistant Director of the Budget Bureau, whence he dispatched skilled program planners throughout the nervous and dubious government agencies. Two years and several attempts at PPBS studies later, the most thoughtful practitioners of the art are arriving at a considerably narrower – though probably no less significant – definition of the possible, and of where

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PPB's most valuable contributions might lie.

How well PPB has worked, agency by agency, has depended more than anything on how seriously the man at the top has taken it, how hard he worked to attract good people to do the job, how much he lent his authority to the adoption of a system of hard analysis. Impartial and informed judges give the Department of Health, Education and Welfare the highest marks. This makes HEW's experience with program planning all the more illuminating. *The Public Interest* has been given an opportunity to examine HEW's first PPB studies. They provide the best and most interesting indicators around of the state of the art.

HEW last year completed four PPB studies: (1) of selected disease control programs – motor vehicle and passenger injury prevention programs, cancer, arthritis, syphilis, and tuberculosis; (2) of "human investment" programs – vocational rehabilitation, adult basic education, work-experience and training, vocational education, and Title I of the Elementary and Secondary Education Act; (3) of possible programs for improving maternal and child health care; and (4) of potentials for improving income maintenance – through social security increases, larger welfare programs, or a negative income tax. These subjects were chosen for the first studies simply because they seemed to be important, and they appeared at the outset to be amenable to some kind of analysis; and these rather arbitrary criteria had to be settled for because of the pressures of time.

Serious discussion between the agencies and the Budget Bureau on the following year's budget begins in the late summer; therefore any agency analysis of its own programs and proposals must be well in hand by then; therefore sophisticated and complicated analysis such as PPB should probably begin late in the preceding year. Yet HEW's program planning operation, under Assistant Secretary William Gorham, was not fully staffed and ready to plunge in until May of 1966. Gorham's staff was forced to select. In fact it selected five areas of study, but the fifth, comparing programs to aid higher education, foundered on an astonishing lack of basic information.

The generally inadequate information on which to base a program-planning study is one of the factors that has led to revised estimates of what PPB can accomplish, at least in the near term. Program planners now also have a heightened appreciation of the unmeasurable, and of the limitations on their ability to establish honest measures of commensurability between programs. And any illusions – sophisticated program planners were less susceptible to these than were outsiders – that PPB would sweep before it defensive bureaucracies or powerful client groups or cynical politics should be fairly given up by now. Finally, hosts of civil servants will not think better just because a few people think it would be nice if they would.

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But gearing tighter thinking – which is essentially all PPB is – into the budget system helps, because the budget is power.

A lack of information

Those who picture Washington as one mass of files and computers containing more information than they would like will be comforted by the experiences of program-planners in attempting to evaluate on-going programs. Whatever the files and computers do contain, there is precious little in them about how many and whom the programs are reaching, and whether they are doing what they are supposed to do. If the purpose of an adult basic education program is to teach people how to read and write, the Office of Education might reasonably be expected to know how many people thereby actually learned how to read and write, but it does not. The higher education study was delayed because there simply was too little information about who was receiving federal scholarships, or what happened to all those who had been receiving National Defense Education Act loans since 1958. Did they finish college? Did it affect their subsequent careers? No answers. The Public Health Service might be expected to know whether its various health services are in fact making people healthier, but it does not. The study of disease control was to have encompassed more diseases, but so little was known about the effective treatment of alcoholism and heart disease that these components had to be dropped. Those working on the income maintenance study found that the Welfare Administration could not tell them very much about the public assistance caseload – who was on welfare, where did they come from, why were they on it, what they needed in order to get off.

These simple statistical gaps are inexplicable, and in time they should be filled. More difficult to cope with are the quantitative and behavioral factors which must be part of many PPB formulations, yet for which there is no informational basis. The authors of the study on income maintenance, for example, pointed out that they could find no "supportable answers" to the following questions:

> "• What will be the labor force participation of recipients with an earned income exemption under Public Assistance?
>
> • How will the poor react to negative income tax plans? How will the near-poor react?
>
> • What type of expenditures will the poor make with increased income?
>
> • How will improvements in income affect the educational attainment of children of the poor?

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"Although answers to these questions will always contain a speculative element, they can hardly be raised without better data." Obviously, the lack of such data limits the usefulness of any study of proposals for raising the income level of the poor.

The study of disease control was similarly, but somewhat more surprisingly, beset by quandaries about what assumptions could be made. There is not even material, as William Gorham points out, to make a documentable argument that people who receive regular medical attention are healthier than those who do not! It is known that the wealthier are healthier than the poor, but how much this has to do with doctors, and how much with characteristics of the entire environment, no one can honestly say. There are those who argue that the medical input is a relatively small one. Moreover, doctors do not think quantitatively; the program planners found that their frame of reference of "prevalence" and "probabilities" and "pay-offs" was alien to the medical experts. The disease control paper is, therefore, heavily dependent upon what are at best educated guesses.

Finally, the limits on the information available to the program planners restricted the ability of the studies to shed light on the most effective route to even narrowly defined goals. Having given up on the idea of comparing the relative pay-offs involved in helping the elderly or drop-outs, in curing cancer or improving the teaching of math, HEW's program planners directed their first studies to "sub-objectives" simply defined: saving lives, raising future earnings, improving the health of children. Yet the disease control study can only discuss the relative effectiveness in saving lives of five disease control programs on which there was sufficient information, omitting such prevalent or lethal illnesses as heart and kidney disease, or emphysema. The human investment study is informative so far as it goes, but it goes only as far as HEW's outer walls, excluding information on such relevant programs as Manpower Development and Training, run by the Labor Department, or the Job Corps, run by the Office of Economic Opportunity. (Even if there were inter-departmental PPB, Labor and OEO have not yet gathered data entirely comparable to HEW's.)

Some of the studies are more conscientious than are others about pointing out assumptions which are only guesses. There are, in fact, wide variations in the styles of HEW's PPB papers. To be sure, they are not entries in any literary competition, though their general style level is higher than that of many, many government documents. The paper on human investment is well organized and clearly stated. But others at times reach levels of near-unintelligibility:

> The basis for estimating economic benefits is a comparison of the program alternatives to syphilis in

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> an uncontrolled situation, this provides an analyses [sic] of the basic program. This is not a very real alternative since it is unlikely that syphilis will ever become an uncontrolled disease, until it is erradicated [sic] world-wide. (Disease Control)

Some belabor the obvious, are super-repetitive (we shall discuss . . . we are discussing . . . we have just discussed), are littered with references to arcane studies, leave the reader to find the page which explains the chart, and serve up those vague euphemisms at which bureaucrats specialize. My favorite is in a section on family planning, which refers to "teen-age girls and low-income women with 3 or more children" as "high-risk groups." Finally, and most disconcertingly, some of the figures in the charts on benefit-cost ratios have been afflicted with typographical errors. (HEW has supplied corrected figures for the purpose of this article.)

The economics of disease control

Despite its weaknesses, the disease control study is an interesting example of simple cost-effectiveness techniques applied to a set of programs, resulting in better information about the pay-offs of current programs and of selected alternatives, about which programs are ready for broader application and which need more controlled experimentation, and about the relative pay-offs of programs involving different kinds of diseases – i.e., their commensurability. Thus the relative priority of spending money as between the diseases could be established. For all of its gaps, the study, say its authors, provides "a basis for choice and decision that was unavailable previously."

The first step is to define the objectives of the programs. The purposes of HEW's disease control programs "are aimed at assisting state and community organizations in the development, operation and improvement of activities to prevent disease and injury or to minimize the health effects through better diagnosis and care."

"Programs may achieve objectives the following ways:

a. demonstrate and test the application of scientific advances to patient care,
b. provide for additional case finding personnel,
c. provide training for health personnel in patient care, and technical procedures,
d. improve the quality and coverage of medical practice."

Because of the limitations of the available data, however, for the purposes of the study the objective was held to be simply the reduction of the number of deaths as a result of the disease or a reduction of its morbidity. The five disease areas included in the study – injury

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from motor vehicle accidents, cancer, arthritis, syphilis, tuberculosis — are all either diseases that still are health problems although technology exists for effective control, or where technology is in early developmental stages or non-existent.

The technology for effectively controlling tuberculosis and syphilis is available. The technology for effective control of specific cancer sites "has only recently become available and in most cases is still under development." "Arthritis," quoting the study again, "includes a number of specific diseases where knowledge does not exist to permit prevention, control or even effective amelioration of crippling and/or disabling symptoms in a large number of patients. The limited knowledge that is available is not widely disseminated and only a small portion of the estimated 10 to 13 million people suffering from arthritis have access to good quality diagnosis and care. The federal concern here is to assure that more people receive better care," through demonstration projects, training of physicians and technicians, and developing methods of diagnosis and treatment. The Public Health Service has only begun to concern itself with the problem of motor vehicle injuries. "The magnitude of this problem," the study points out, "would indicate a major interest for all health agencies."

Having established the objectives, the next step is to establish criteria for judging alternative methods of reaching the objectives. The disease control study used two criteria: the cost per death averted, and the benefit-cost ratio.

The cost per death averted is the cost of the program over five years, divided by the number of deaths averted as a result of the program. The cost is an average cost figure. The cost of averting a death from, for example, cervical cancer, could be from under $2,000 to over $7,000; the average cost used for this study was $3,470, arrived at as follows: "Of the 34,000 lives expected to be saved due to the programs through 1972, 30,000 of these have an average cost of about $2,000; 2,300 have an average cost of over $3,500 and 400 have an average cost of over $7,000. While it is possible to add additional lives saved at the lower figure, any significant investment of funds in this program would probably be oriented toward the more expensive cases thus averaging over $7,000."

The second criterion, the benefit-cost ratio, was also used because of the limitations of using the cost per death averted as the sole criterion: it makes no distinction regarding the ages at which the various deaths are averted, and there is no way to rank those diseases which are not primarily killers (arthritis). The benefit-cost ratio is, simply, the amount of dollars invested divided into the dollars saved. The dollars saved are estimated on the basis of dollars "that would

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have been spent on medical care – doctor's fees, hospital services, drugs, etc. – and indirect savings such as the earnings saved because the patient did not die or was not incapacitated due to illness or injury. The average lifetime earnings for different age groups is related to the age at which death occurs and a calculation of the present value of lost lifetime earnings. For example, if a twenty-seven year old man died this year of one of the diseases, his aggregate earnings would have been estimated at $245,000 had he lived a full life. However, discounting this at 4 percent to the current year, the economic loss is actually closer to $125,000. Included in this analysis are economic losses based on future earnings discounted to present value."

Obviously, this is a rather crude measure of productivity lost, but it is, as the program planners point out, "better than nothing." They also realize that economic loss and death do not encompass all of the damage caused by disease. "Pain and the impact on family relationships are among the more obvious additional items. We do not know how to bring such items into this kind of analysis as yet, but it seems likely that these additional considerations argue in the same direction as the other benefits. . . . We have no reason at this moment to believe that such considerations would have changed the relative preferences among programs."

Auto injuries

To take a specific example, the study examined eight alternative methods for reducing motor vehicle injury:

1. Driver Licensing – establishing a medical screening program for licensing;
2. Reduce Driver Drinking – to educate people not to drink before driving;
3. Pedestrian Injury – to educate "accident prone" pedestrians how to cross the street;
4. Seat Belt Use – to encourage people to use seat belts;
5. Restraint Devices – to educate people to obtain and use additional safety restraining devices;
6. Motorcycle Injury – to encourage motorcyclists to use helmets and eye shields to avoid fatal injury;
7. Driver Skill Improvement – establishing a nation-wide driver training program;
8. Emergency Medical Services – providing grants to communities to aid in upgrading the quality of training and facilities available to accident victims from the general public, ambulance attendants, and in hospital emergency rooms.

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Following is the computation of the benefit-cost ratio and the cost per death averted of these eight programs:

MOTOR VEHICLE INJURY CONTROL ALTERNATIVES 1968-1972*

Program	PHS[2] Cost[3] ($ millions)	Savings[2] ($ millions)	Benefit Cost Ratio	Deaths Averted	Cost Per Death Averted
Seat Belt Use	$ 2.0	$2,728	1351.4*	22,930	$ 87
Restraint Devices	.6	681	1117.1	5,811	100
Pedestrian Injury	1.1	153	144.3	1,650	600
Motorcyclist Helmets	7.4	413	55.6	2,398	3,000
Reduce Driver Drinking	28.5	613	21.5	5,340	5,300
Improve Driver License	6.1	23	3.8	442	13,800
Emergency Medical Services	721.5[1]	1,726	2.4	16,000	45,000
Driver Skills	750.5	1,287	1.7	8,515	88,000

*Numbers have been rounded to a single decimal point from three decimal points; therefore ratio may not be exact result of dividing column 1 into column 2 as they appear here.
[1] Includes $300 million State matching funds
[2] Public Health Service
[3] Discounted

Obviously, the driver skills improvement and the emergency medical services programs have the poorest pay-offs in terms of both cost-effectiveness — for each dollar invested they yield $2.4 and $1.7 respectively — and in cost per death averted. Yet the policymakers took into account that the benefits of the emergency medical services program could eventually reach more than just victims of auto accidents, and therefore deemed it worthy of support despite its low cost-effectiveness ratio.

A major limitation of the findings was that very little is known about the true effectiveness of a program of trying to persuade people to use seat belts, not to drive while drunk, to use other restraining devices. "Although this level of confidence would make one wary about promoting these programs," the study says, "their low cost and high potential benefits would warrant support." These studies also do not take into account possible improvements in the safety features of the cars themselves, if there are any in the next few years. And while we are on the subject of the automobile companies, this study is an interesting contribution to the argument over whether the best route to improved auto safety is through improving drivers or cars.

Cancer

Four cancer site programs of early detection and treatment were studied for their relative effectiveness: uterine cervix, breast, head

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and neck, and colon-rectum. All four programs were studied at two alternative program levels, A and B.

CANCER CONTROL ALTERNATIVES 1968-1972

Program	PHS Costs (millions)[1]	Total Costs (millions)[2]	Savings (millions)[2]	Benefit Cost Ratio	Deaths Averted	Cost Per Death Averted
A –						
Uterine Cervix	$97.8	$155.2	$1,380.0	8.9	44,084	$ 3,520
Breast	17.7	22.5	101.0	4.5	2,936	7,663
Head and Neck	13.2	12.6	10.1	.8	303	41,584
Colon-Rectum	13.3	12.6	6.4	.5	288	43,750
B –						
Uterine Cervix	73.7	118.7	1,071.0	9.0	34,206	3,470
Breast	8.1	10.1	43.7	4.3	1,284	7,866
Head and Neck	8.1	7.8	8.9	1.1	268	29,104
Colon-Rectum	7.7	7.3	3.7	.5	170	42,941

[1] Grant Awards
[2] Discounted

From this, the program planners concluded that, in the case of cervical cancer, program B, with a slightly higher benefit cost ratio, should be supported over A (containing higher-cost screening elements), with A recommended as an alternative should more funds become available. The breast cancer program, on the other hand, shows a slightly higher cost-benefit ratio and lower cost per death averted with the more expensive program. "This indicates," say the program planners, "that the higher cost breast cancer control program would have a somewhat higher priority than certain elements of the uterine cervix program." This study also led them to conclude that improved technology for detection of head and neck and colon-rectum cancers should be further developed before their detection program is expanded.

In contrast to these four cancer detection programs, HEW's lung cancer program is a prevention program, trying to persuade people not to smoke, using mass media, school programs, special demonstrations, education of physicians and dentists. (See chart next page.)

Arthritis

Three alternative arthritis programs, with different emphases, were compared:

1. The establishment of 45 centers, and 1,125 clinics; the the training of 9,000 physicians and serving 1,287,000 patients in order to make improved diagnostic and care facilities available to more people.

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LUNG CANCER ALTERNATIVES
(SMOKING CURB)
(1968-1972)

Program	Program Costs (millions)	Savings (millions)	Benefit Cost Ratio	Deaths Averted	Cost Per Death Averted
A. Current Program	$ 46.9	$268	5.7	7,000	$6,700
B. Current Program + Professional Education	84.9	635	7.5	16,000	5,306
C. Current Program + Mass/Media	76.9	531	6.9	13,500	5,696
D. All Programs	114.9	875	7.6	22,000	5,222
E. Professional Education Alone	38.0	367	9.6	9,000	4,222
F. Mass/Media Alone	30.0	263	8.8	6,500	4,615

2. The establishment of 9 centers and 180 clinics; the training of 1,800 physicians and serving 243,360 patients in order to demonstrate and evaluate the feasibility of expanding the program.
3. A program involving the establishment of 1,000 clinics, training 1,000 physicians, and serving 936,000 patients to improve the quality of arthritis diagnosis and care.

Since arthritis is not primarily a killer, the benefit-cost ratio is the most pertinent measure. The study showed the following:

ARTHRITIS PROGRAM ALTERNATIVES
1968-1972

Program	HEW Costs (millions)	Savings[1] (millions)	Benefit Cost	Number Patients	HEW Cost Per Patient Seen
45 centers 1,125 Clinics (12 years)	$225	$10,510	46.7	1,287,000	$175
1,000 Clinics (13 years)	138	7,645	55.4	936,000	147
9 Centers 180 Clinics (7 years)	47	1,985	42.2	243,360	193
9 Centers 180 Clinics (5 years 1968-1972)	37.6	1,489[2]	37.5	229,320	168

[1] Not discounted — indirect savings only
[2] Discounted

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From this, the study concluded "that before undertaking a major long term program, a pilot program (alternative 2) should be undertaken to demonstrate and evaluate the program components."

Syphilis and tuberculosis

Three alternative syphilis programs were examined:

1. The current program, which includes research, a control grant program to states to help provide for epidemiologists to follow up cases. A significant element – a blood screening program – is paid for privately and is associated with pre-marital medical check, blood bank operations, military service medicals, etc. These costs are included in total program costs since they are directly related to control objectives.
2. An intensified epidemiology program which increases program grants but holds research and blood screening at current levels.
3. An eradication program – a research effort, expanded program grants and extension of blood screening to a larger population base and its inclusion in all hospital pre-admission procedures.

The analysis showed:

SYPHILIS CONTROL ALTERNATIVES 1968-1972

Program	PHS Costs (millions)	Total[2] (millions)	Savings[1] (millions)	Benefit Cost Ratio	Prevalence[4] 1972	Deaths Averted[3]	Cost Per Death Averted
Current	$55.0	$179.3	$2,993	16.7	239,850	11,590	$22,252
Epidemiology	58.5	182.8	3,006	16.4	218,569	12,509	20,880
Eradication	80.3	261.6	3,063	11.7	14,890	15,071	22,938

[1] Discounted
[2] Adds private insurance costs for serologic screening
[3] Based on uncontrolled syphilis
[4] 1965 – prevalence 600,000

From this it was concluded that "there does not seem to be a significant difference between the current program and that of intensified epidemiology. An increase of $3.5 million PHS costs over the five-year period (6 percent) would lead to a reduction in deaths of 919 (11 percent) and a reduction in prevalence of 21,000 (9 percent) . . . A 45 percent increase in funds results in a reduction in prevalence of better than 85 percent and a similar reduction in annual deaths. The benefits of this five-year effort beyond 1972 can be expected to yield an increasing benefit-cost ratio. Despite the attractiveness of a

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five-year eradication program, the current program is recommended with selected reinstatement of hospital serological screening and an objective of moving toward syphilis eradication in ten years. The productivity of the current program would be improved – perhaps significantly – with the additional serological screenings. The effect of this component will be tested before an early build-up to an eradication program is supported."

For the last disease covered in the study, tuberculosis, five alternatives were examined:

1. Current program – research, state control program grants, epidemiology support;
2. Accelerated program – research and additional control program grants;
3. Concentrated program – research and a control program targeted for specific geographic areas of population groups with high tuberculosis rates;
4. Prevention program – involving adding isoniazid to bread and flour products.

There are currently about 100,000 active cases of tuberculosis, with an annual death rate of 8,000. The estimated current annual losses from tuberculosis are about $1.1 billion.

The PPB analysis showed the following:

TUBERCULOSIS ALTERNATIVES
1968-1972

Program	PHS Control Program (millions)	Savings[1] (millions)	Benefit Cost Ratio	Deaths Averted	Cost Per Death Averted	Prevalence[2] 1972
Current	$130	$ 573	4.4	5,700	$22,800	80,000
Accelerated	201	1,598	8.0	7,170	28,000	30,000
Concentrated	170	1,093	6.4	7,085	24,000	55,000
Prevention	432	2,214	5.1	7,945	54,000	10,000

[1] Discounted
[2] 1965 – prevalence 100,000

Obviously, the most efficient program is the accelerated one, with a payoff of 8, as opposed to 4.4 for the current program, and 6.4 for a concentrated one. Yet "from the standpoint of deaths averted," the analysts concluded, "the accelerated and concentrated programs have no advantage over the current program. However, the accelerated program obviously would be attractive from the standpoint of the possible 70 percent reduction in the prevalence of tuberculosis." The problem with the fourth program is that it is dependent upon acceptance of a program of placing isoniazid in flour products. "The history of fluoridation," the study says, "does not make one sanguine

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about the prospects for acceptance of a proposal to add a drug to food products." (How much *this* assumption has been studied is not said.) The analysts ended by suggesting that "A reoriented current program – concentration on areas with high tuberculosis incidence – can be expected to improve the benefit projections. Additional analysis and experience should show how productive this program might be and would indicate if additional modifications are warranted."

Some conclusions

Having thus examined alternatives within programs, the final step of the disease control study was to measure the impact of all of the disease control programs by their commensurable data components: program costs, savings due to programs, benefit-cost ratio, number of deaths averted, program cost per death averted.

This analysis showed the following relationships:

BENEFIT COST DATA
SELECTED DISEASE CONTROL PROGRAMS*
($ millions)[3]

Program	1968-1972 HEW Costs[1] (millions) 1	1968-1972 HEW & Other Direct Costs[2] (millions) 2	1968-1972 Savings Direct and Indirect[2] (millions) 3	Benefit Ratio Cost* 4
Seat Belt Use	$ 2.2	$ 2.0	$2,728	1351.4
Restraint Devices	.7	.6	681	1117.1
Pedestrian Injury	1.1	1.1	153	144.3
Motorcyclist Helmets	8.0	7.4	413	55.6
Arthritis	37.6	35.0	1,489	42.5
Reduce Driver Drinking	31.1	28.5	613	21.5
Syphilis	55.0	179.3[1]	2,993	16.7
Uterine Cervix Cancer	73.7	118.7	1,071	9.0
Lung Cancer	47.0	47.0[1]	268	5.7
Breast Cancer	17.7	22.5	101	4.5
Tuberculosis	130.0	130.0	573	4.4
Driver Licensing	6.6	6.1	23	3.8
Head and Neck Cancer	8.1	7.8	9	1.1
Colon-Rectum Cancer	7.7	7.3	4	.5

*Numbers have been rounded to a single decimal point from three decimal points; therefore ratio may not be exact result of dividing column 2 into column 3 as they appear here.
[1] Not discounted
[2] Discounted
[3] Funding shown used as basis for analysis not necessarily funding to be supported by Administration

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Based on the over-all study, the analysts concluded that "an investment of 20 percent additional funds for 1968-1972 would support those programs which show very favorable benefit-cost ratios and which have good prospects for significant reductions in annual deaths and morbidity from the selected diseases." From the analysis, they then offered a priority ranking for use of the new funds, as follows:

1. Motor vehicle accident and injury prevention programs.
2. Arthritis. ("This disease cripples rather than kills and it may thus appear as less significant a health problem than syphilis or uterine cervix cancer. However, the potential of adding an additional one to five productive years to 13,000,000 arthritics gives strong support to this program.")
3. Uterine cervix cancer control.
4. Lung cancer prevention.
   Breast cancer.
5. Syphilis.
6. Tuberculosis.
7. A further build-up of uterine cervix cancer program, extending the program to additional population groups where the cost of screening and case identification is higher.
8. Syphilis eradication.
9. Further reduction in the prevalence of tuberculosis.

Human investment

Not all of the studies were so categorical in their conclusions, so willing to travel so far on the fuel of such indefinite data. The experience in attempting to apply PPB to "human investment" programs — programs designed to raise a person's capacity for self-support through education and training, as opposed to simple money transfers — led the program planners to sharply different views of what PPB could and should do. For one thing, the information available was too paltry for definitive statements about the effectiveness of the programs; for another, proceeding even with utmost caution, the program planners arrived at the conclusion that only one of the five programs studied — vocational rehabilitation — is "demonstrably effective."

Benefits were defined to be the increase in earnings which resulted from each of the programs. The vocational rehabilitation program was estimated to have a benefit-cost ratio of 12 or 13 to 1 — i.e., every dollar spent on special training for an otherwise unemployable, physically or mentally handicapped person, is likely to produce $12 or

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$13 in earnings. In the adult basic education program, actual data about earnings were not available; based on the expected increase in the educational level, however, a benefit-cost ratio of 11 to 1 was estimated. Similarly, there were no data on earnings available to arrive at a reliable benefit-cost ratio for the work-experience and training program connected with the welfare program. Instead, a"break-even" analysis was made, which found that a very small increase in earnings would make the program pay for itself. While the program planners concluded that the work-experience program was therefore potentially effective, they also concluded that this would be possible only if the emphasis of the program is shifted more heavily to training. Vocational education programs (funded under *thirteen* separate legislative authorities), with a benefit-cost ratio of from 1.6 to 1, to 2.9 to 1, it was concluded, have to be thoroughly restructured if they are to be effective. So little was known about Title I of the Elementary and Secondary Education Act that no benefit-cost ratio was computed, but from what evidence there was the program planners concluded that modest increases in school expenditures using conventional methods in the conventional school setting produced little improvement in student performance.

Some of this of course is not news. The basic idea behind Title I was to insert money into schools with high proportions of poor children, with insistence that the funds be used for other than "conventional methods." Anyone dimly familiar with education programs had to know that vocational education, with its emphasis on agricultural and home economics training, had fallen behind the times. Anyone who looked closely saw that work-experience, to the extent it was busy-work, could not make much serious difference in income-producing capacities. What the PPB process did was simply to fortify these perceptions, and to transmit some important signals to the policy makers.

Because of the political and social commitments inherent in these programs, and the power of some related groups, such as the vocational educators, a finding that only one could clearly be supported as effective does not lead to the conclusion that four should be jettisoned. And because the clientele of the separate programs, particularly in the short-run, are scarcely interchangeable, little can be concluded about the commensurability of the programs. What can be and was concluded was that in the prevailing tight budget situation the only programs that deserved expansion were vocational rehabilitation and adult basic education, and that meanwhile the human investment programs must be improved. Moreover, the knowledge that the *average* pay-off from a widespread vocational education program is low is only marginally helpful; what should be known is which vocational education approaches yield the best results, and which the

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poorest. This is where the PPB process will turn next – to *intra-program* studies of the most effective methods. There will, for example, be a closer examination of various uses of Title I money, in an effort to determine which appear to provide the highest pay-offs.

Another signal the program planners received from this study was that they had to look beyond program-by-program analysis to find the most effective combination of approaches. An unemployed person, for example, might need certain components of both literacy and training programs. A given school child might be best served by a combination of certain Title I and certain vocational education projects.

Finally, more attention will be turned to gathering data which will lead to more telling evaluations. "The process of analyzing and comparing these programs," said the study, "revealed that the information available about their effectiveness was shockingly inadequate. Only very rough judgments about their relative effectiveness could be reached. Information on costs per participant was often unavailable and had to be estimated. Data on the characteristics of participants (even, in some cases, their age and sex) were inadequate. Information on what happened to the participants during and after the program – gains in educational attainment, employment experience, earnings history, and so forth – was extremely limited. Estimates had to be pieced together from a variety of sources. Information about control groups – for example equivalent members of the work force who did and did not receive vocational education – was virtually non-existent."

Child health

Yet while the reevaluations and searches for better information about current programs go on, decisions must be made about new programs. Two of the studies, concerning child health and income maintenance, were addressed to improving the decision-making about proposed new departures.

The problem before the program planners on child health was simply this: President Johnson is interested in doing more to improve the health of children, particularly poor children; what should the new program look like? There was a good deal of evidence that there was room for improvement. The United States in 1964 ranked 15th in infant mortality, with a rate of 24.8 (Sweden had the lowest rate – 14.2), and within the United States there were wide disparities: 19.8 in Massachusetts, 39.4 in Mississippi; 21.6 for white infants, 41.1 for non-white infants. Less than 50 percent of low-income women receive care in maternity clinics, and in most major cities one-third to one-half of the women delivered at city hospitals had no pre-natal care. Approximately 61 percent of handicapping conditions – con-

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genital malformations, vision or hearing defects, psychiatric problems, and others – could be prevented if the children received comprehensive care until they were 18; about 30 percent of these could be prevented or corrected through case-finding and treatment at an early age. It is estimated that more than 60 percent of the children in the South, more than 65 percent of children from low-income families, more than 70 percent of non-white children, receive inadequate or no dental care.

The program planners set up five objectives:

1. Making needed maternal and child health services available and accessible to all, in particular to all expectant mothers and children in low-income areas;
2. Reduce the number of chronic handicapping conditions;
3. Reduce infant mortality rates;
4. Reduce unmet dental needs (an objective set by President Johnson);
5. Through directed research, experimentation and improved evaluation, determine the effectiveness of various forms of health care in attaining the preceding objectives.

In deciding which specific types of programs to consider, the program planners had before them proposals set forth by a task force. They then measured 14 alternative child health care programs, in seven major categories: (1) comprehensive maternal and child health care centers; (2) programs to provide early case-finding and treatment of congenital and other chronic disorders; (3) a program to provide early case-finding and treament of vision and hearing defects; (4) programs to reduce unmet dental needs; (5) intensive care for "high risk" premature and other infants; (6) a program to provide treatment for those rejected from the Selective Service because of health defects; (7) support for improved family planning services. Some of the program alternatives were cast aside because of their obvious low pay-offs or because they simply were not feasible. For example, the shortage of traditional health personnel militated against planning for any large-scale child health care using only this type of medical personnel. It is estimated, for instance, that comprehensive health care for 15 million poor children would require the services of 14,600 pediatricians, or half that many if pediatric assistants were used; as of now there are 14,000 full-time non-Federal pediatricians in the entire country. Therefore programs using only traditional health personnel were rejected in favor of experimenting with those using new types of health workers.

A measure of each of the remaining programs, in terms of yield for every $10 million spent, is provided by the accompanying table.

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Program	Number Served	Births Prevented	Maternal Deaths Prevented	Premature Births Prevented	Infant Deaths Prevented	Mental Retardation Prevented	CHRONIC HANDICAPPING CONDITIONS PREVENTED OR CORRECTED BY AGE 18			
							Vision Problems	Hearing Loss	Other Physical Handicaps	Unmet Dental Needs[6]
Comprehensive Health Care (up to age 18)	3,500 mothers 63,000 children	0[1]	1.6	98-247	42-60	4.5-7 infants	345	86	200	2,240
Comprehensive Health Care (up to age 5)	6,880 mothers 34,400 children	0[1]	3	196-483	84-119	7-14	196	70	63	0
Case-Finding and Treatment (Newborns)	337,000 screened	—	—	—	[9]	[9]	—	—	[9]	—
Case-Finding and Treatment ages 0, 1, 3, 5, and 9)	334,000 screened (39,000 treated)	—	—	—	[9]	[9]	3,610	1,000	1,470	—
Vision and Hearing Case-Finding and Treatment	1,458,000 screened (63,000 treated)	—	—	—	—	—	26,250	4,370	—	—
Fluoridation	14,112,000[2] aged 0-12	—	—	—	—	—	—	—	—	294,000[3]
Comprehensive Dental Care (without fluoridation)	333,000 aged 6-18	—	—	—	—	—	—	—	—	18,000
Comprehensive Dental Care and Fluoridation	1,200,000 aged 0-18	—	—	—	—	—	—	—	—	44,000
Intensive Care Units for High-Risk Newborns	10,710[2]	—	—	—	367	[9]	—	—	—	—
Expanded Family Planning Services	500,000	49,000[4]	44[8]	[9]	2000[5]	1000[7]	—	—	—	—

[1] Does not include effects of family planning programs.
[2] This program would serve children in all areas, not only in low income areas.
[3] Fluoridation would prevent cavities (completely) in approximately 25% of 18-year-olds (431,000 each year). In addition, fluoridation would reduce cavities in the remaining 18-year-olds by more than 50%.
[4] Assumes a reduction of the fertility rate from 141.5/1000 to only 30% of that figure among the women using family planning services.
[5] Assumes that the infant mortality rate would have been at least 41 per 1,000.
[6] Reduction in number of 18-year-olds with decayed and unfilled teeth.
[7] Assumes that the incidence of mental retardation would have been at least 21 per 1,000.
[8] Assumes that the maternal mortality rate would have been 0.9 per 1,000 live births.
[9] Some effects are anticipated; no quantitative estimates were made.

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Clearly one of the most promising programs, and that for which the analysts recommended the highest budget request, was for early case-finding and treatment, to detect and assure treatment of handicapping conditions in children at various stages of their lives. It was also concluded from this that experimentation should be made with comprehensive health care centers, mainly in urban areas, under the auspices of university pediatric and obstetric departments, groups of physicians, or local health departments, to test the feasibility, costs, and effectiveness of comprehensive maternal and child health care with maximum use of community aides and new types of health personnel. Another clear signal provided by this study, but which was *not* followed in the Administration's requests to Congress, is that a dental program containing fluoridation has a far higher payoff than one that does not. Dread of the anti-fluoridites prevailed (whether they are numerous or just noisy is questionable), and instead the program contained funds for a more expensive and less effective "pilot program" of comprehensive dental care.

Income maintenance

Although not all of these programs were officially proposed, the program planners are rather pleased with the mark that they did leave on the new child-care program. The analysts who examined alternative income maintenance programs had a lesser impact, at least in the short term. The three general direct approaches for raising the income of the poor which were weighed were through social security, through increases in public assistance programs, and through a negative income tax. The study is a long and detailed one, and covers much of the same ground that has been covered in earlier discussions of income maintenance in this magazine. Therefore, I shall list simply the highlights of the study's conclusions about the relative efficiency of various approaches towards reducing the "poverty deficit"—the amount by which the total income of the poor falls below the total they would have to have if their incomes fell at exactly the poverty line. Assuming a poverty deficit of $10 billion:

- A program aimed at filling the entire deficit of $10 billion through public assistance would probably cost about $19 billion. This program would cost $2 for every $1 that went towards filling the income deficit because of allowances for exemptions in order to maintain work incentives. (As noted earlier, the analysts concede that very little is known about the effects of more money on work incentives.)
- A low rate negative income tax does not help the poor very much; a negative income tax which does effectively help the poor would be costly.

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- Some public assistance programs and a form of negative income tax could reduce the poverty deficit by 30 percent and would be "efficient." These programs would cost from $3 billion to $6 billion.
- Social security programs, which are not primarily designed to aid the poor, "are very inefficient in reducing the poverty income deficit."

The legislative program which the White House sent to Congress eschewed the negative income tax or other new systems of income maintenance, made slight increases in public assistance, and made large increases in social security. While the social security requests were weighted towards low-income recipients (thus reducing social security's insurance aspects for middle-income beneficiaries), the legislative package simply reflected an Administration decision that the times were not propitious for substantially more help for the poor. Increases in social security, since they are provided through an insurance system, do not require a raid on the Federal budget. Moreover, much as Congress may dislike fiddling with social security's insurance aspects, it likes straightforward aid to the poor even less.

A new sophistication

The only fair way to judge the planning-programming-budgeting process at this point is in its historical context. There is no question that it is primitive, and this is due in some part to the fact that it is new. Defense Secretary McNamara is said to believe that the process itself did not yield great pay-offs for him until it had been underway for at least four years; the more thoughtful observers have always believed that in such areas as health and education it might take still longer. The program planners now know that their information base is feeble, but how soon the bureaucracies will be able to strengthen it is questionable. They now know that intra-program studies and studies of combinations of programs may not only be more useful, but also more essential to meeting their own objectives. The second round of studies, now underway, shows a new sophistication:

- The probable educational impact of increasing aid to education: What would be the educational impact of reducing class size? Raising teachers' salaries? Reducing segregation? Increasing the use of sub-professionals?
- A more detailed and updated study of self-support and income-support programs that would enable individuals to overcome poverty.
- How can the poor be provided with adequate medical care, and what effect would this have on their health status?

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- What is the impact of various federal programs providing financial support to higher education? Which groups of students do they aid, in what ways? What impact do present programs have on the quality of higher education? What impacts would alternative new programs – using loans, tax changes, or other aids – have?
- How can the education of deprived children be improved? How is Title I money actually being spent, and how can it be made more effective? To what extent have federal expenditures merely substituted for state and local support? What are the conditions of success? How important is follow-through? Is a certain minimum expenditure necessary before any results are seen?
- An expanded, updated, and more detailed study of various disease programs.
- What are the needs for trained nursing care personnel in the 1970's, and how might they be filled? What are the consequences of not meeting current and projected needs for nursing personnel? What are the differences in the labor force participation rates of nurses who graduate from different types of nurse training programs?
- What are the real relationships between activities of the Food and Drug Administration and industrial, medical, and pharmaceutical practices and consumer risks?
- What pattern or patterns of health care facilities would make the largest contribution to health?
- How can a significant reduction of air pollution be brought about? What are the ramifications of the current federal standards for communities and industries? As the country becomes increasingly urban, will these standards become increasingly hard to meet without major technological and social innovations? What are the social costs and benefits of reducing first the rate of increase of pollution and then the absolute amount?

These are some of the questions being asked right now. The answers will not be unassailable, statistically or politically. But judged against the traditional bureaucratic responses – that spending money makes good things happen and spending more money makes better things happen – they are a giant stride forward.

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The political economy of efficiency

AARON WILDAVSKY

There was a day when the meaning of economic efficiency was reasonably clear. An objective met up with a technician. Efficiency consisted in meeting the objective at the lowest cost or in obtaining the maximum amount of the objective for a specified amount of resources. Let us call this "pure efficiency."

But the desirability of trying to achieve certain objectives may depend on the cost of achieving them. In this case the analyst (he has graduated from being a mere technician) alters the objective to suit the available resources. Where the objective was previously fixed, the analyst now creates a new one. Let us call this "mixed efficiency."

Both pure and mixed efficiency are limited in the sense that they take for granted the existing structure of the political system and work within its boundaries. Yet the economizer, he who values efficiency most dearly, may discover that the most efficient means for accomplishing his ends cannot be secured without altering the machinery for making social decisions. In this case, he not only alters means and ends (resources and objectives) simultaneously, but

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makes them dependent on changes in political relationships. While he claims no special interest in, or expertise concerning, the ways in which decisions are made outside of the market place, the economizer pursues efficiency where it leads him: to the heart of the political system. Let us call this "total efficiency."

Concepts of efficiency, then, may be pure or mixed, limited or total. A major purpose of this essay is to take the newest and recently most popular modes of achieving efficiency – cost-benefit analysis, systems analysis, and program budgeting – and show how much more is involved than mere economizing. Even at the most modest level of cost-benefit analysis, I will try to show, it becomes difficult to maintain pure notions of efficiency. At a higher level, systems analysis is based on a mixed notion of efficiency. And program budgeting at the highest levels turns out to be a form of *political* systems analysis.

Cost-benefit analysis

The purpose of cost-benefit analysis of government programs is to secure an efficient allocation of resources. The nature of efficiency, of course, depends on the objectives set up for the government. In the field of water resources, where most of the work on cost-benefit analysis has been done, the governmental objective is usually postulated to be an increase in national income. In a crude sense, this means that the costs to whomever may incur them should be less than the benefits to whomever may receive them. A long view is taken, in that costs are estimated not only for the immediate future but also for the life of the project. A wide view is taken, in that indirect consequences for others – variously called externalities, side-effects, spillovers, and repercussion effects – are considered. Ideally, all costs and benefits are evaluated.

Cost-benefit analysis rests on many powerful assumptions and is subject to conditions that limit its usefulness. The assumptions involve value judgments that are not always recognized and, when recognized, are not easily handled in practice. The limiting conditions arise partly out of the assumptions and partly out of severe computational difficulties in estimating costs and, especially, benefits. Here I can only indicate some of the major problems.

Cost-benefit analysis is based on the superiority of the market place – under competitive conditions and full employment – as the measure of value in society. Any imperfection in the market works against the validity of the results. Unless the same degree of monopoly were found throughout the economy, for example, a governmental body that enjoys monopolistic control of prices or outputs would not necessarily make the same investment decisions as under free competition. A similar difficulty occurs where the size of a project is large in comparison to the economy, as would be the case in some

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developing nations. For the project itself would then affect the constellation of relative prices and production against which its efficiency was being measured.

The economic model on which cost-benefit analysis depends for its validity is based on a political theory. The idea is that, in a free society, the economy is to serve individual preferences as these are revealed in the market place. Individuals are supposed to know what they want, to have consistent preferences, and to pursue these rationally. Governments are not supposed to dictate preferences to thse individuals nor make decisions for them on the grounds that they do not know what they want or what they ought to want. The Grand Inquisitor is out.

Without inquiring too closely into all these assumptions, it is evident that this individualistic theory assumes as valid the current distribution of income. Preferences are valued in the market place where "votes" are based on disposable income. Governmental action, moreover, itself has consequences for the distribution of income. Projects of different size and location and composition will transfer income in different amounts to different people. While economists might estimate the redistributive consequences of various projects, they cannot, on grounds of efficiency, specify one or another as preferable.

Cost-benefit analysis is a way of trying to promote economic welfare. Yet it begs the question: whose welfare? No one knows how to deal with the problem of what economists call "the interpersonal comparison of utility." It cannot be assumed that the desirability of rent supplements versus a highway, to various people differently situated, can be measured on a single utility scale. The question of whose "utility function" is to prevail (the analyst versus the people involved, the upstream gainers versus the downstream losers, the direct beneficiaries versus the taxpayers, the entire nation or a particular region, and so on) is of prime importance for the making of public policy.

Ideally, one would prefer actions that benefit everyone and harm no one. As an approximation of this impracticable alternative, the welfare economist is left with "Pareto optimal conditions"— i.e., conditions that exist when an action leaves some people better off and none worse off. If this criterion were applied in political life, it would lead to the intolerable situation of a Polish Diet in which every member had a veto. In order to provide a criterion that would lead out of this impasse, Hicks and Kaldor have proposed that decisions be approved if the total gain in welfare is such that the winners could compensate the losers. But the formal machinery for doing this does not ordinarily exist, and modern economists are generally highly criti-

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cal of the major political mechanism for attempting to accomplish the purpose, namely, log-rolling in Congress on public works projects.

Another way of dealing with the problem of income distribution is for the cost-benefit analyst to present a series of alternatives that differ according to the individuals who pay and to the prices charged. The analyst must then not only compute the new inputs and outputs but also figure the costs and benefits for each group. This is a formidable, time-consuming, and expensive task. No one knows whether the results would be helpful in practice.

Since the distribution of income is at stake, it is not surprising that it is the beneficiaries who tend to dominate the government's investment decisions, or that they should uniformly resist "user charges" that come close to the benefits received. Fox and Herfindahl estimate that of a total initial investment of three billion for the Corps of Engineers in 1962, the general taxpayers would end up paying close to two thirds of the costs. In such situations, the circumstances feed upon themselves to distort the meaning of cost-benefit analysis. For the greater use of the facilities by a larger number of beneficiaries, all attracted by the prospect of getting something for nothing, is itself employed to inflate the estimated benefits that justify the project in the first place.

In addition to redistributing income, public works projects tend to have a multitude of objectives and consequences other than those involved in the direct costs and benefits that are easiest to measure. Projects may generate economic growth, alleviate poverty among some places and people, provide aesthetic enjoyment, afford opportunities for recreation, improve public health, reduce the risks of natural disaster, alter travel patterns, affect church attendance, change educational opportunities, and more. No single welfare criterion can do justice to these many objectives. Individuals certainly give different weight to each of them. How many of these consequences of public works for different values and people should be considered in arriving at costs and benefits? Which ones are even susceptible of quantification? There are few satisfactory rules, and the further one proceeds the more impassable the thicket becomes.

Thus, cost-benefit analysis, useful as it unquestionably is, is shot through with political and social value choices and surrounded by uncertainties and difficulties of computation. It is clear that we have come a long way since our first fleeting glimpse of pure efficiency. We are verging on mixed efficiency.

Systems analysis

The good systems analyst is a *chochem,* a Yiddish word meaning wise man with occasional overtones of wise guy. His forte is creativity. Although he sometimes relates means to ends, and fits ends to match

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means, he ordinarily eschews such pat processes. Instead, he imaginatively relates elements into new systems that create their own means and ends. He plays new objectives continuously against cost elements until a creative synthesis has been achieved. He looks down upon those who say that they take objectives as given, for he knows full well that the apparent solidity of the objective will dissipate during analysis and that, anyway, most people do not know what they want, when what they want is compared to what they can get.

Since no one knows how to give instructions for creativity and daring and nerve, it is not surprising that no one can tell you what systems analysis is, or how it should be practiced. E. S. Quade, who has put together the excellent series of Rand Corporation lectures on systems analysis, tells us that his subject "is still largely a form of art" in which it is not possible to lay down "fixed rules which need only be followed with exactness." He tried to look at systems studies and determine what ideas and principles were common to the good ones. But he discovered that "no universally accepted set of ideas existed. It was even difficult to decide which studies should be called good."

Systems analysis is derived from operations research, which in turn arose during World War II when some scientists discovered that they could use simple quantitative analysis to get the most out of existing military equipment. Superior bombing patterns or better ways of hunting enemy submarines could be found. An objective was given, it was reasonably clear, and ways of cutting the costs of achieving it could be developed using essentially statistical models. At the present time, operations research is largely identified with certain specific techniques – like linear programming, Monte Carlo (randomizing) methods, and gaming and game theory. While there is no hard and fast division between operations research and systems analysis, a rough separation may perhaps be made on the basis of the scope of the problem. The less that is known about objectives, the more they conflict, the larger the number of elements to be considered, the more uncertain the environment, the more likely it is that the work will be called a systems analysis. There is more judgment and intuition in systems analysis, and less reliance on quantitative methods, than in operations research.

Systems analysis is concerned with the building of models that abstract from reality but represent the crucial relationships one is interested in studying. The systems analyst first decides what questions are relevant to his inquiry, selects certain quantifiable factors, cuts down the list of factors he must deal with by aggregation and by eliminating the (hopefully) less important ones, and then gives them quantitative relationships with one another within the system he has chosen for analysis.

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But crucial variables may not be quantifiable. If they can be reduced to numbers, there may be no mathematical function that can express the desired relationship. More important, there may be no single criterion for judging results among conflicting objectives. Most important, the original objectives may not make sense.

It cannot be emphasized too strongly that a (if not *the*) distinguishing characteristic of systems analysis is that the objectives are either not known or are deliberately subject to change. Systems analysis, Quade tells us, "is associated with that class of problems where the difficulties lie in deciding what ought to be done – not simply how to do it – and honors go to people who . . . find out what the problem is." It may be comforting to believe that objectives come to the analyst from on high and can be taken as given, so that means can be adapted to a precise end or the means stretched to provide the maximum of that end. This easy assumption is all wrong. Indeed, future systems analysts are explicitly warned by Quade and others not to let the client determine what is the objective. A suggestive analogy is drawn with the doctor who would not ignore a patient's "description of his symptoms, but . . . cannot allow the patient's self diagnosis to override his own professional judgment." Quade argues that since systems analysis has resulted in changing the original objectives of the policy-maker, it would be "self-defeating to accept without inquiry" his "view of what the problem is."

I have stressed the point that the systems analyst is advised to insist on his own formulation of the problem because it shows so clearly that we are dealing with a mixed concept of efficiency. Objectives are being changed. It may still be the case that if you build a better mousetrap the world will beat a path to your door. But it is apparently advisable for the wary sponsor to make sure he has not got a cheaper way to catch mountain lions in his basement.

Coping with uncertainty

It is difficult enough to adjust clear-cut objectives to resources in the present or near future. The task is immensely complicated by considering future states of affairs about which there is a huge amount of uncertainty. What used to be constants become variables; little can be taken for granted. The rate of technological progress, an opponent's estimate of your reaction to his latest series of moves based on his reaction to yours, whether or not atomic war will occur, what it will be like, whether we shall have warning, whether the system we are working on will cost anything close to current estimates and whether it will be ready within five years of the due date, and on and on. On most of these matters, there are no objective probabilities to be calculated.

Conquering uncertainty must be a major goal of systems analysis.

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It is, therefore, not surprising that systems analysis is characterized by the aids to calculation it uses, not to conquer, but to get around and mitigate some of the pervasive effects of uncertainty. Before a seemingly important factor may be omitted, for example, a "sensitivity analysis" may be run to determine whether its variation significantly affects the outcome. If there is no good basis for calculating the value of the factor, arbitrary values may be assigned to test for extreme possibilities. "Contingency analysis" is used to determine how the relative ranking of alternatives holds up under major changes in the environment – say, a new alliance between France and Russia. Contingency analysis places a premium on versatility, as the analyst seeks a system that will hold up well under various eventualities even though it might be quite as good for any single contingency as an alternative system. Adversary procedures may be used to combat uncertainty. Bending over backwards to provide advantages for low-ranking systems and handicaps for high-ranking systems is called "a *fortiori* analysis." Changing crucial assumptions in order to make the leading alternatives even, so that one can judge whether the assumptions are overly optimistic or pessimistic, is called "break-even analysis." All these methods add to the burden of calculation.

A variety of "insurance " schemes are also used to deal with uncertainty. In appraising what an opponent can do, for instance, one can assume the worst, the best, and sheer inertia. In regard to the development of weapons, insurance requires not one flexible weapon but a variety of alternatives pursued with vigor. As development goes on, uncertainty is reduced. So, basic strategic choice involves determining how much it is worth paying for the additional information one gets by carrying the development of competing weapons systems to the next stage. The greater the uncertainty of the world, the greater the desirability of having the widest selection of alternative weapons to choose from to meet unexpected threats and opportunities.

A creative amalgam

As a form of calculation, systems analysis represents a wedding between quantitative methods and rule of thumb. First, the analyst attempts to solve the problem before he knows a great deal about it. This rough approximation inevitably proves unsatisfactory, but it gives him some idea of what the problem is all about. Then he continuously alters his initial solution to get closer to what he intuitively feels ought to be wanted. Means and ends are continuously played off against one another. New objectives are defined, new assumptions made, new models constructed, until a creative amalgam appears, a solution that is better than others even if it is not optimal in any sense. Since the famous study of the location of military bases con-

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ducted by Albert Wohlstetter and his associates at the RAND Corporation occupies the status of being widely acknowledged as a classic example of systems analysis, an extended quotation from the senior analyst will enable us to better understand the mode of operation.

> The base study . . . proceeded by a method of successive approximations. It compared forces for their efficiency in carrying a payload between the bases and targets without opposition either by enemy interceptors or enemy bombers. Then, it introduced obstacles successively: first, enemy defenses; then enemy bombardment of our bombers and other elements needed to retaliate. In essence, then, the alternative systems were tested for their first-strike capability and then they were compared for their second-strike capacity. And the programmed system performed in a drastically different way, depending on the order in which the opposing side struck. In the course of analyzing countermeasures and counter-counter-measures, the enemy bombardment turned out to be a dominant problem. This was true even for a very much improved overseas operating base system. The refueling base system was very much less sensitive to strike order. It is only the fact that strike order made such a difference among systems contemplated that gave the first-strike, second-strike distinction an interest. And it was not known in advance of the analysis that few of the programmed bombers would have survived to encounter the problem of penetrating enemy defenses which had previously been taken as the main obstacle. The analysis then not only was affected by the objectives considered, it affected them.

The advantage of a good systems study is that by running the analysis through in theory on paper certain disadvantages of learning from experience may be avoided.

Although admitting that much bad work is carried on, and that inordinate love of numbers and machines often gets in the way of creative work, practitioners of systems analysis believe in their art. Writes Quade: "All of them point out how the use of analysis can provide some of the knowledge needed, how it may sometimes serve as a substitute for experience, and, most importantly, how it can work to sharpen intuition." Yet there is also wide agreement that systems analysts "do philosophy," that they are advocates of particular policy alternatives. What Schelling calls "the pure role of expert advisor" is not available for the analyst who "must usually formulate the questions themselves for his clients." Beyond that, Wohlstetter argues that systems analysts can perform the function of integrating diverse values. New systems can sometimes be found that meet diverse objectives. The politician who gains his objectives by inventing policies that also satisfy others, the leader of a coalition who searches out areas of maximum agreement, performs a kind of informal systems analysis.

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All these men, however, work within the existing political structure. While any exercise in cost-benefit analysis may imply changes in one or more existing governmental policies, it poses no direct challenge to the *general* decision-making machinery of the political system. In program budgeting, we do find a form of systems analysis that attempts to break out of these confines.

Program budgeting

On August 25, 1965, President Johnson announced that he was asking the heads of all federal agencies to introduce "a very new and revolutionary system" of program budgeting. Staffs of experts would be set up in each agency. They would define goals of their agencies by using "modern methods of program analysis." And then they would find the "most effective and the least costly" way to accomplish these goals.

Although there is no standard definition of program budgeting, the general idea is that budgetary decisions should be made by focusing on output categories like governmental goals, objectives, end products or programs, etc., instead of on such inputs as personnel, equipment, and maintenance. As in cost-benefit analysis, to which it owes a great deal, program budgetting lays stress on estimating the total financial cost of accomplishing objectives. What is called cost-effectiveness analysis is employed in order to select "alternative approaches to the achievement of a benefit already determined to be worth achieving." Not everyone would go along with the ultimate in program budgeting, but the RAND Corporation version, which is the one presumably being exported from the Defense Department, definitely does include "institutional reorganization to bring relevant administrative functions under the jurisdiction of the authority making the final program decisions." Sometimes it appears that comprehensiveness – simultaneous and complete examination of all programs and all alternatives to programs every year – is being advocated. But, actually, comprehensiveness has been dropped (though not without some nostalgia) because it may be too costly in time, effort, uncertainty, and confusion.

Programs are not made in heaven; they must be imposed on the world by men. No one can give instructions for making up programs in program-budgeting. It turns out that there are as many ways to conceive of programs as there are of organizing activity. Thus, G. A. Steiner writes:

> Just what categories constitute the most useful programs and program elements is far from obvious. . . . If one puts all educational activities into a broad package of educational programs, he cannot simultaneously include school lunch programs or physical education activities in a Health Program, or include defense

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> educational activities (such as the military academies) in the Defense Program. If one puts all transportation expenditures into a Transportation Program, he cannot at the same time put R&D on transportation into an R&D Program, or defense-oriented transportation outlays into the Defense Program. In short, precisely how to achieve a rational and useful structure for a program budget is not yet evident.

The difficulties with the program concept are neatly illustrated in the space program. At first glance, it might seem that space projects are ideally suited for program budgeting, because they appear in the form of physical systems designed to accomplish different missions. But it turns out that there is an extraordinary degree of interdependence between different missions and objectives – pride, scientific research, space exploration, military uses, etc. – so that it is impossible to apportion costs on a proper basis. Consider the problem of a rocket developed for one mission and useful for others. To apportion costs to each new mission is purely arbitrary. To allocate the cost to the first mission and regard the rocket as a free good for all subsequent missions is ludicrous. The only remotely reasonable alternative – making a separate program out of the rocket itself – does violence to the whole idea of systems analysis. The difficulty is compounded because the facilities that have multiple uses, like boosters and tracking networks, tend to be very expensive compared to the items that are specific to a particular mission.

It seems that simple concepts of programs evaporate upon inspection. And the failure to devise principles for defining programs may be traced directly to the political reality that lies behind this seemingly academic exercise. As Melvin Anshen sees so clearly, "The central issue is, of course, nothing less than the definition of the ultimate objectives of the federal government as they are realized through operational decisions." The arrangement of the programs inevitably affects the specific actions taken to implement them. "Set in this framework," Anshen continues, "the designation of a schedule of programs may be described as building a bridge between a matter of political philosophy (what is government for?) and . . . assigning scarce resources among alternative governmental objectives."

Because program budgeting is a form of systems analysis (it also makes use of a version of cost-benefit analysis), the conditions that hinder or facilitate its use have largely been suggested. The simpler the problem, the fewer the interdependencies, the greater the ability to measure the consequences of alternatives on a common scale, the more costs and benefits that are valued in the market place, then the better the chances of making effective use of programs. Let us take transportation to illustrate some of the conditions in a specific case.

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Investments in the field of transportation are highly interdependent with one another (planes versus cars versus trains versus barges, etc.) and with decisions regarding the regional location of industry and the movements of population. In view of the powerful effects of transportation investment on regional employment and income, it becomes necessary to take these factors into account. The partial equilibrium model of efficiency in the narrow sense becomes inappropriate, and a general equilibrium model of the economy must be used. The combination of aggregative models at the economy-wide level, and inter-region and inter-industry models that this approach requires, would stagger the imagination. It is precisely the limited and partial character of cost-effectiveness analyses, taking so much for granted and eliminating many variables, that makes them easy to work with for empirical purposes. Furthermore, designing a large-scale transportation system involves so close a mixture of political and economic considerations that it is not possible to disentangle them. The Interstate Highway Program, for example, involved complex bargaining among federal, state, and local governments and reconciliation of many conflicting interests. The development of certain "backward" regions, facilitation of the movement of defense supplies, redistribution of income, creating countervailing power against certain monopolies, not to mention the political needs of public officials, were all involved. While cost-effectiveness exercises might help with small segments of the problem, J. R. Meyer concludes that, "Given the complexity of the political and economic decisions involved, and the emphasis on designing a geographically consistent system, it probably would be difficult to improve on the congressional process as a means of developing such a program in an orderly and systematic way."

On one condition for effective use – reorganization of the federal government to centralize authority for wide-ranging programs – proponents of program budgeting are markedly ambivalent. The problem is that responsibility for programs is now scattered throughout the whole federal establishment, and decentralized to state and local authorities as well. In the field of health, for example, expenditures are distributed at least among twelve agencies and six departments *outside* of Health, Education, and Welfare. A far greater number of organizations are concerned with American activities abroad, with natural resources and education. The multiple jurisdictions and overlapping responsibilities do violence to the concept of comprehensive and consistent programs. It "causes one to doubt," Marvin Frankel writes, "whether there can exist in the administrative echelons the kind of overall perspective that would seem indispensable if federal health resources are to be rationally allocated."

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To G. A. Steiner it is evident that "the present 'chest of drawers' type of organization cannot for long be compatible with program budgeting." W. Z. Hirsch declares that "if we are to have effective program budgeting of natural resources activities, we shall have to provide for new institutional arrangements." Yet the inevitable resistance to wholesale reorganization would be so great that, if it were deemed essential, it might well doom the enterprise. So the hope is expressed that "translation grids" or "crossover networks" could be used to convert program budget decisions back into the usual budget categories in the usual agencies. (That is what is done in Defense, but that Department has the advantage of having most of the activities it is concerned with under the Secretary's jurisdiction.)

But other program analysts see that this approach will not do. Recognizing that a conversion scheme is technically feasible, Anshen is aware that there are "deeply frustrating" issues to be resolved. "The heart of the problem is the fact that the program budget in operation should not be a mere statistical game. Great strategic importance will attach to both the definition of program structure and content and the establishment of specific program objectives.

Toward system politics

It will be useful to distinguish between *policy politics* (which policy will be adopted?), *partisan politics* (which political party will be assisted in gaining office?), and *system politics* (how will decision structures be set up?). Program budgeting is manifestly concerned with policy politics and not so much with partisan politics, although it could have important consequences for issues that divide the nation's parties. My contention is that the thrust of program budgeting makes it an integral part of system politics.

As presently conceived, program budgeting contains an extreme centralizing bias. Power is to be centralized in the Presidency (through the Budget Bureau) at the national level, in superdepartments rather than bureaus within the executive branch, and in the federal government as a whole instead of state or local governments. Note how W. Z. Hirsch assumes the desirability of national dominance when he writes that "these methods of analysis can guide federal officials in the responsibility of bringing local education decisions into closer harmony with national objectives." Within the great federal organizations designed to encompass the widest ramifications of basic objectives, there would have to be strong executives. Cutting across the sub-units of the organization, as in the case in the Department of Defense, the program budget could only be put together by the top executive.

(Whether or not large-scale program budgeting would actually benefit the Chief Executive is an interesting question. It is not entirely

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clear that Presidents would welcome all the implications of program budgeting. It is well and good to talk about long-range planning; it is another thing to tie a President's hands by committing him in advance for five years of expenditures. Looking ahead is fine, but not if it means that a President cannot negate the most extensive planning efforts on grounds that seem sufficient to him. He may wish to trade some program budgeting for some political support.)

In any event, the doctrine that all decisions ought to be made by the most central person in the most centralized body capable of grabbing hold of them is difficult to justify on scientific grounds. Note what has happened. First pure efficiency was converted to mixed efficiency. Then limited efficiency became unlimited. *Yet the qualifications of efficiency experts for political systems analysis are not evident.*

We would be in a much stronger position to predict the consequences of program budgeting if we knew (a) how far toward a genuine program budget the Defense Department has gone and (b) whether it has fulfilled its promise. To the best of my knowledge, not a single study of this important experiment was undertaken (or at least published) before the decision was made to spread it around the land. On the surface, only two of the nine program categories used in the Defense Department appear to be genuine programs, in the sense of pointing to end purposes or objectives. Although "strategic retaliation" and "continental defense" appear to be distinct programs, it is difficult to separate them conceptually; and my guess is that they are, in fact, considered together. The third category — "general purpose forces" — is presumably designed to deal with (hopefully) limited war anywhere in the world. According to Arthur Smithies, "The threat is not clearly defined and neither are the requirements for meeting it. Clearly this program is of a very different character from the other two and does not lend itself as readily to analysis in terms either of its components or of its specific contribution to defense objectives.' What is one to say, then, of the program called "airlift and sealift"? For these activities are clearly not called on to serve themselves but to support the general purpose forces. "Research and development" is carried on presumably to serve other defense objectives, and the same is true for "the reserve forces." No doubt the elements that make up these programs comprise the real focus of action for the budget. But these may look a lot less elegant when spread into thousands of elements than they do in nine neat rows.

When one hears — as one has — that hundreds of program elements are up for decision at one time, one is entitled to some skepticism about how much genuine analysis can go into all of them. Part

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of the publicity for program budgeting was that by thinking ahead and working all year around it would be possible to consider changes as they came up and avoid the usual last minute funk. Both Hitch and Novick (the RAND Corporation expert on defense budgeting) report, however, that this has not worked out. The services are apparently reluctant to submit changes piecemeal, and the Secretary wants to see what he is getting into before he acts. The vaunted five-year-plans are still in force, but their efficacy in determining yearly decisions remains to be established. One good operational test would be to know whether the Department's systems analysts actually use the figures from the five-year-plans in their work or whether they go to the services for the real stuff. Another test would be whether or not the later years of the five-year projections turn out to have any future significance or whether the battle is really over the next year that is to be scooped out as part of the budget. From a distance, it appears that the services have to work a lot harder to justify what they are doing.

It should also be said that there are many notable differences between decision-making in defense and in domestic policy that would render suspect the transmission of procedures from one realm to the other. The greater organizational unity of Defense, the immensely larger amounts of money at stake, the extraordinarily greater risks involved, the inability to share more than minimal values with opponents, the vastly different array of interests and perceptions of the proper roles of the participants, are but a few of the factors involved. The Armed Services and Appropriations Committees in the defense area, for example, are normally most reluctant to substitute their judgment on defense for the President and the Secretary of the Department. If they were to ask for, and to receive, the discussion of alternative actions contained in the much smaller program elements on which McNamara bases his decisions, they would be in a position to take the Department of Defense away from its Secretary. But they do not conceive it to be their role to make day-to-day defense policy, and they are apparently unwilling to take on the burden of decision. For this reason, the legislators appear to be satisfied with some loose presentation of the large and cavernous program categories even though they are so arranged that it is impossible to make a decision on the basis of them.

There is no reason whatsoever to believe that a similar restraint would be shown by the committees that deal with domestic policies. It is at least possible that the peculiar planning, programming, and budgeting system adopted in Defense – with the Appropriations Committees getting none of the benefits and yet paying for the costs – could not be repeated elsewhere in the federal establishment.

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Political rationality

We are witnessing the beginning of significant advances in the art and science of economizing. Having given up the norm of comprehensiveness, economizers are able to join quantitative analysis with aids to calculation of the kind described by Charles Lindblom in his strategy of "disjointed incrementalism." A variety of devices are employed to simplify calculations. Important values are omitted entirely, others are left to different authorities to whose care they have been entrusted, thus making use of the variety of interests in society. (Sensitivity analysis represents an advance because it provides an empirical basis to justify neglect of some values.) Means and ends are hopelessly intertwined: the real choice is between rival policies that encapsulate somewhat different mixes of means and ends. Analysis proceeds incrementally by successive limited approximations. It is serial and remedial, as successive attacks are made on problems. Instead of always waiting for experience in the real world, however, the analyst tries various moves in his model and runs them through to see if they work. When all else fails, the analyst may try an integrative solution reconciling a variety of values to some degree though meeting none of them completely. He is always ready to settle for the second or third best provided only that it is better than the going policy. Hedged in by many limiting assumptions, weakened by deficiencies in technique, rarely able to provide unambiguous measures, the systems, cost-benefit, and program analyst is nevertheless getting better at calculating in the realm of efficiency. But, alas, he is an imperialist at heart.

In the literature on the subject, there frequently appears the proposition that "the program budget is a neutral tool, it has no politics." Yet, in truth, it is suffused with policy politics, comprises a small part of Lyndon Johnson's partisan politics, and tends towards system politics. How could men, otherwise so full of the wisdom of the world, make so foolish a statement? It must be because they identify program budgeting with something good and beautiful, and politics with another thing bad and ugly. McKean and Anshen speak of politics in terms of "pressure and expedient adjustments," "haphazard acts . . . unresponsive to a planned analysis of the needs of efficient decision design." From the political structure they expect only "resistance and opposition, corresponding to the familiar human disposition to protect established seats of power and procedures made honorable by the mere facts of existence and custom." In other places we hear of "vested interests," "wasteful duplication," "special interest groups," and the "Parkinson syndrome."

Not long ago, less sophisticated advocates of reform ignored the political realm. Now they just denigrate it. Still, since there must be

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a structure for decision, it is smuggled in as a mere adjunct of achieving efficiency.

It is hard to find men who espouse the cause of political rationality, who plead the case for the needs of political man, and who are primarily concerned with the laws that enable the political machinery to keep working. It takes a philosopher like Paul Diesing to make a case for the political. He declares that:

> . . . any suggested course of action must be evaluated first by its effects on the political structure. A course of action which corrects economic or social deficiencies but increases political difficulties must be rejected, while an action which contributes to political improvement is desirable even if it is not entirely sound from an economic or social standpoint.

The desire to invent decision structures to facilitate the achievement of economic efficiency does not suggest a full appreciation by students of politics of their own proper role.

Political costs and benefits

A major task of the political system is to specify goals or objectives. But once the political process becomes a focus of attention, it is evident that the principle participants may not be clear about their goals. Agreement is not only possible, it may even be facilitated when the actors want to do the same thing – e.g., build a dam – for quite different reasons (i.e., exercise professional skill, benefit people downstream, trade a dam for two forest access roads, distribute income and so on). What we call goals or objectives may, in large part, be operationally determined by the policies we can agree upon. And the mixtures of values found in complex policies may have to be taken in packages, so that *our policies may determine our goals at least as much as our general objectives determine our policies.* In a political situation, then, the need for support assumes central importance. Not merely the economic but the political costs and benefits turn out to be crucial.

A first attempt to specify what is meant by political costs may bring us a little closer to an understanding of the range of requirements for political rationality. Exchange costs are incurred by a political leader when he needs the support of other people to get a policy adopted. He has to pay for this assistance by using up his resources in the form of favors (patronage, logrolling) or coercive moves (threats or acts to veto or remove from office). By supporting a policy and influencing others to do the same, a politician often antagonizes some people and may suffer retaliation from them. If these hostility costs mount, they may turn into reelection costs – actions that decrease his chances (or those of his friends) of being

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elected or reelected to office. Election costs, in turn, may become policy costs through inability to command the necessary formal powers to accomplish the desired policy objectives. Following Neustadt, we may also talk about reputation costs, meaning not only loss of popularity with segments of the electorate, but also loss of esteem and effectiveness with other participants in the political system and loss of ability to secure policies other than the one immediately under consideration. Those who continually urge a President to go all out – that is, use all his resources on a wide range of issues – rarely stop to consider that the price of success in one area of policy may be defeat in another.

A major consequence of incurring exchange and hostility costs may well be undesirable power-redistribution effects. The process of getting a policy adopted or implemented may increase the power of various individuals, organizations, and social groups. This increased power may later be used against the political leader or in ways he would disapprove. Conversely, the power of certain participants may be so weakened that the political leader is unable to enjoy the protection of their power on later occasions when he would desire it.

The legitimacy of the political system may be threatened by costs that involve the weakening of certain customary political restraints. Politicians who try to suppress opposition or practice election frauds may find similar methods being used against them. Illicit practices or simply the choice of a certain controversial policy may raise the costs of civic discord. Although the people involved may not hate the political leader, the fact that they hate each other may lead to consequences contrary to his desires.

The economic literature usually treats organizations and institutions as if they were costless entities. The standard procedure is to consider rival alternatives (in consideration of price policy or other criteria), calculate the differences in cost achievement among them, and show that one is more or less efficient than another. If the costs of pursuing a policy are strictly economic and can be calculated directly in the market place, then the procedure should work well. But if the costs include getting one or another organization to change its policies or procedures, then these costs must also be taken into account.

Enough has been said to indicate the wide range of political costs that a reasonable political leader should be concerned about. In this context, the experience of the Soil Conservation Service in lowering certain political costs may prove illuminating. For many years it struggled along with eleven major watershed projects involving big dams, great headaches, and little progress. Because the watersheds were confined to a single region, it was exceedingly difficult to

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generate support in Congress, particularly at appropriations time. The upstream-downstream controversies generated by these projects resulted in an aura of less than universal local approval. And the SCS found itself in the direct line of fire when it came to determining priorities with insufficient funds. Compare this situation with the break-through which occurred when the SCS developed the *small* watershed program. Since each facility is relatively inexpensive, large numbers can be placed throughout the country, markedly increasing political support. Agreement on the local level is facilitated because much less land is flooded and side payments are easier to arrange. A judicious use of cost-benefit analysis, together with ingenious relationships with state governors, places the choice of priorities with the states and yet maintains a reasonable level of consistency by virtue of adherence to national criteria. Errors are easier to correct because the burden of calculation has been drastically reduced and experience may be more easily accumulated with a larger number of small projects.

Everyone knows, of course, that cost-benefit analysis is not the mathematical messiah come to save water resources projects from contamination by the rival forces of ignorance and political corruption. Whenever agencies and their associated interests discover that they cannot do what they want, they twist the prevailing criteria out of shape. Two projects may be joined so that both qualify when one, standing alone, would not. Costs and benefits may be manipulated or the categories may be so extended that virtually anything qualifies.

This is not to say that improvements in calculating affected values, such as cost-benefit analysis, have no place. Assuming that the method will continue to be improved, and that one accepts the private market as the measure of economic value, it can certainly tell decision makers something about what they will be giving up if they follow a different policy. Cost-benefit analysis also has some possible *political* uses that might be stressed more than they have been. The technique gives the responsible official a good reason for turning down projects, together with a public-interest explanation the Congressman can use with his constituents and the interest-group leader with his members. To expect, however, that the method itself (which distributes indulgences to some and deprivations to others) would not be subject to manipulation in the political process is to say that we shall be governed by formula and not by men.

Consider the situation in which an agency finds it desirable to achieve a geographical spread in its projects in order to establish a wider base of political support. Assume (with good reason) that cost-benefit criteria will not permit projects to be established in some states because the value of the land or water is too low. One can say that this is just too bad – and one will then observe the agency seek-

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ing ways around the restriction by playing up benefits, playing down costs, or attacking the whole benefit-cost concept as inapplicable. Another approach would be to recognize that federalism – meaning, realistically, the distribution of indulgences to state units – represents a political value worth promoting to some extent and that gaining nation-wide support is important. From this viewpoint, a compromise solution would be to except one or two projects in each state or region from meeting the full requirement of the formula, though the projects with the highest benefit-cost ratio would have to be chosen. In return for sacrificing full adherence to the formula in a few instances, one would get enhanced support for it in many others.

Because the cost-benefit formula does not always jibe with political realities – that is, it omits political costs and benefits – we can expect it to be twisted out of shape from time to time. Yet cost-benefit analysis may still be important in getting rid of the worst projects. Avoiding the worst where you can't get the best is no small accomplishment.

The encroachment of economics upon politics is not difficult to understand. Being political is viewed by experts as bad, while being economical is acclaimed as good. On the average, in my opinion, economists are more talented than political scientists. They are more rigorously trained; they are more thoroughly indoctrinated. Also, if politics is harder than physics, as Bagehot said, it may also be harder than economics. As a discipline, economics has done more with its theory, however inadequate, then has political science. Under some conditions economists can give you some idea of what efficiency requires. It is a rare political scientist who would even concern himself with political rationality. Economists defend their interests in efficiency; political scientists do not even stake out their sphere of competence. Thus, the market place of ideas is rigged at the start.

Studies based on efficiency criteria are much needed and increasingly useful. My quarrel is not with them as such at all. I have been concerned that a single value, however important, would triumph over other values without explicit consideration being given to them. I would feel much better if political rationality were being pursued with the same vigor and capability as is economic efficiency. In that case I would have far fewer qualms about a much greater extension of efficiency studies into the decision-making apparatus.

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The Catholics and their colleges (II)

CHRISTOPHER JENCKS
&
DAVID RIESMAN

The Catholic Church, like most other organizations, is controlled entirely by men. While it does not take the view that men have a monopoly on divine guidance (note, for example, the high proportion of female saints), it does grant men a monopoly on power within the Church. Women cannot become parish priests or rise into the hierarchy, nor have they any role in choosing those who do. In this, of course, Catholicism is not significantly different from other major Christian denominations. What rather sets it apart is the fact that, having excluded women from its management, it has nonetheless recruited enormous numbers of them into the religious life. Traditionally engaged in elementary schooling, nursing, and charitable activities – as well as contemplation – American nuns have in the past sixty years entered higher education on a large scale, often competing directly with male teaching orders.

The first part of this article appeared in the previous issue (Spring) of THE PUBLIC INTEREST. *The article, in a longer and somewhat different version, will be part of a forthcoming book on "The Academic Revolution."* – Ed.

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In medieval Europe some orders of sisters were little more than women's auxiliaries to male orders, but this is no longer common. The basic rules governing nuns are still made by men in Rome, but on a day-to-day basis each order has a large measure of autonomy. Today there are some 400 orders of sisters in the United States, many of them "made in America." Most of these groups still devote themselves primarily to hospitals, parochial schools, and other good works, but about 50 conduct colleges for lay girls.

There is sometimes cooperation between nuns and priests, but seldom much social or intellectual mixing. The nuns are second-class citizens, and both they and the priests mostly accept this, viscerally if not intellectually, as right and proper. Yet an outsider often senses a good deal of latent antagonism between nuns and priests, only partially concealed by the superficial sweetness which has been the nuns' traditional defense against almost all difficulties. When one of us attended the meetings of the National Catholic Education Association a few years ago in Atlantic City, we came away with the feeling that, while some of the nuns were among the most conservative, self-deprecating, and shy of American women, others were among the most spirited and outspoken. As with other second-class citizens, the nuns' outward docility may mask rebellion as well as obedience. President Kennedy often observed, for example, that the nuns supported him in 1960 while the priests voted for Nixon, though he may have been wrong about this.

Both the segregation of the sexes in religious orders and the hegemony of the male over the female have been reflected in higher education. Nineteenth-century Catholic colleges were founded by male orders and were open exclusively to male students. (This was, of course, also true of non-Catholic colleges in the first half of the 19th century, though less so in the second.) While nuns opened a number of secondary schools for women, none at first offered college-level instruction or degrees. But the growth of public secondary education and the spread of non-Catholic higher education for women toward the end of the century inevitably affected Catholic girls as well. Fearing lest Catholic families send their daughters to secular colleges, and wanting to show that Catholic women need not be ignorant, several orders of sisters upgraded their secondary schools into colleges. The first such college was Notre Dame in Baltimore, which began offering higher education in 1896. After the turn of the century more and more orders of nuns began throwing their energies into higher education. Unlike their male counterparts, nuns were under relatively little pressure to help their students meet professional payrolls. They therefore felt no obligation to assemble large, specialized faculties, build expensive libraries and laboratories, or offer

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diversified curricula. On the contrary, many Catholic women's colleges made a virtue of their smallness, and sometimes also of their scholarly limitations. Lacking scholars, they seemed both spiritually safe and stylistically "feminine." As a result, enterprising nuns were free to proliferate Catholic women's colleges at a fantastic rate. In 1965 the Office of Education reported the existence of 136 four-year Catholic women's colleges, and another 42 junior colleges. By way of contrast, there were only 100 non-Catholic colleges exclusively for women.

While nuns created a plethora of undergradaute institutions for women, they made much less effort to accommodate Catholic women who wanted to do graduate work. In part this reflected awareness of their own intellectual limitations, in part their inability to raise the necessary money to run a university. Nonetheless, it sometimes left ambitious Catholic girls with no choice but to do their professional work in a secular graduate school. This was not, however, a pattern the Church wanted to encourage. As a result, male teaching orders began admitting Catholic girls to their professional schools at the graduate level. Today, the Canon Law ban on coeducation having been modified, most Catholic universities admit women to their graduate programs and most of the holdouts are considering it. Having admitted women to their graduate programs, many have also found it hard to justify excluding them from undergraduate programs. This accommodation has been especially common in the Midwest and Far West, where non-Catholic colleges are almost all coeducational. It has been less strong in the Northeast, where sex segregation is still common in the private non-Catholic sector.

The Catholic girls' colleges

In exclusively undergraduate Catholic institutions, sex segregation remains common throughout the country. Among the 270 Catholic colleges which awarded no graduate degrees in 1963, only 32 were co-educational. (Among 1187 non-Catholic colleges in the same category, 1045 were co-ed.) In part, this pattern of sex segregation reflects a feeling among many religious that mixing boys and girls may lead to trouble, along with a paternalistic willingness to protect the laity from this temptation. In part, it probably reflects the eagerness of some Catholic parents to keep their children from marrying too young, and more generally, to keep them out of trouble. But the primary reason for it, we suspect, is the sex-segregated organization of the teaching orders, which creates strong internal pressures for perpetuating separate colleges for men and women.

Very few male teaching orders have made room on their university faculties for even the ablest sisters. Even if they did, few orders of sisters would feel they could afford to let their most talented

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members take such jobs, which may help the Church but do nothing for the often precarious order. Enterprising nuns occasionally wrangle jobs teaching in universities, including non-Catholic ones, but this is still hard to do. Many spirited sisters therefore channel their surplus energy into administration: building up a women's college – or perhaps founding a new one. These women's colleges, in turn, then become a powerful lobby against coeducation in colleges run by male orders. Thus, when the Jesuits decided after some soul searching to admit women to the undergraduate liberal arts program of the University of San Francisco, they were opposed (unsuccessfully) by the Religious of the Sacred Heart who run San Francisco College for Women (Lone Mountain). This pattern has been repeated in many other cities, and has slowed the advent of coeducation long after principled traditionalist objections have lost their force. Every nun knows that Catholic college girls are now as interested in marriage as non-Catholics, and that women's colleges therefore have a hard time competing against co-ed colleges for students. Such awareness is not, of course, peculiar to Catholic higher education. Rumors that Yale might become coed have caused anxiety among New England women's colleges, too, for these institutions often lose their most promising prospects to Radcliffe and have good reason to fear new Ivy League rivals.

Given the fact that nuns will continue to found new colleges, and that Catholic girls will continue to go to them, it has become clear to some that serious efforts should be made to improve these frequently dismal places.[1] In part, no doubt, this means bringing men onto their faculties – not because men are necessarily better teachers for either sex, but because there are so many more of them with the academic credentials that all colleges value. (Catholic women's colleges could, of course, draw on housewives, but they usually share conventional academic ideas about who should teach what, and want full-time professors with higher degrees.) There are not enough women, either religious or lay, who can fill these requirements. Nonetheless, the proportion of nuns at Catholic women's colleges is almost always higher than the proportion of priests at Catholic men's colleges, and they are more likely to hold the key administrative jobs. As a result, efforts

[1]It is not clear exactly what proportion of Catholic women are in Catholic women's colleges. Our best estimate is that about 40 percent of all Catholic women are in Catholic colleges and that about 60 percent of these (or 24 percent of all Catholic college women) are in Catholic women's colleges. Both the proportion of Catholic women in Catholic colleges and the proportion in Catholic women's colleges are probably falling, the former because of the growth of public competition and the latter because the big Catholic universities are admitting more women.

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to help the Catholic women's colleges have had to focus primarily on the sisters themselves.

The Sister Formation Conference, founded in 1954 and severely restricted as a national effort in 1964, was the most promising of these efforts. Led by a remarkable group of nuns, the Conference set out to develop both the intellectual and moral resources of sisters in all orders. Through its Bulletin, and through workshops and meetings, the Conference gave innovators in dozens of colleges the courage and sense of direction to push ahead, and it also helped stir things up in many sleepy Mother Houses, just as Vatican II opened the windows of Catholicism generally.

Defining a Clientele: Geography

As we noted earlier, Catholic colleges are mostly run by national and international teaching orders rather than by local bishops, and they are free to solicit and accept students from wherever they please. A few have taken advantage of this freedom to establish national constituencies. Notre Dame, for example, helped put Catholic higher education (and, indeed, American Catholicism generally) on the map with its famous football teams, and it is now trying to do the same thing academically. It seeks students from all over who will help in this effort, and rejects local boys who will not, letting them attend other nearby Catholic colleges. At the graduate level, Catholic University is also a national institution, appealing mainly to the more conservative Catholics and especially the religious. Georgetown has had considerable national appeal for Catholic undergraduates, and a number of other Jesuit colleges (notably Boston College, Fordham, and St. Louis) have now built dormitories and are trying to move down this same road. Among the women's colleges, too, there have been a few whose social and academic prestige extended beyond their immediate area. Manhattanville in Westchester County and Trinity in the District of Columbia are the best known instances, but a number of others also recruit from the national rather than the local upper-middle class.

National Catholic colleges are, however, exceptional. The typical Catholic college, like its typical public counterpart, has defined its constituency geographically and then tried to be all things (or at least many things) to all Catholics within its area. Like a public institution, it has been reluctant to exclude the academically inept, the socially unrefined, or the financially pinched student. It has felt a measure of religious responsibility to these students and has also felt that exclusion of any sort would narrow its political and economic base within the diocese. The typical Catholic college has drawn a majority of its students from a single diocese, and almost all the others

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from nearby dioceses, and has tried to appeal to almost all the prospective college students (or at least to almost all those of a given sex) within that area.

This kind of localism was to some extent a byproduct of poverty. Until recently big city Catholics seldom had enough money to send their children away to college, and this meant that the Catholic system had to include a network of urban commuter colleges. The Jesuits took the lead in establishing such a network, but it has been supplemented by a number of other orders. In other cases, however, localism has no compelling economic justification. Like its non-Catholic counterpart, the Catholic system has developed not only "streetcar colleges" for the economically pinched but "suitcase colleges" for the psychologically pinched. These latter are colleges which have dormitories but which nonetheless recruit most of their students from within a hundred miles or less, so that students can take their laundry home on weekends and go on dating local boys or girls. Students do not attend such colleges for lack of air fare to a more distant campus, though this may be their rationalization. Some are too timid to go far from home. Others are too ignorant to know that another Catholic college in another part of the country might be better for them. Yet their ignorance is partly a byproduct of the character of the Catholic colleges, very few of which have deserved, or have had, national reputations. The typical high school student, Catholic or otherwise, will go to a distant college only if he believes he will find something special there. Yet, except for remoteness from home and from neighborhood chums, very few Catholic colleges offer their prospective students an experience significantly different from what they can get in their own diocese. Even those which do offer something special may not be known to students in the frequently still cloistered world of Catholic secondary education.

Not only is the localism of Catholic higher education not always economically necessary, but it is sometimes economically costly. There are, for example, six four-year Catholic colleges and two Catholic junior colleges in the state of Iowa. While several of the four-year colleges have appreciable numbers of commuters, all are predominantly residential. Since the Catholic population of Iowa is relatively modest (Iowa's Catholic high schools graduated fewer than 5,000 students in 1964), the existence of six competing residential liberal arts colleges almost guarantees that none will achieve distinction. The four-year colleges now award almost 1,000 BA's a year between them, but individually they have graduating classes of around 150. Similary, the four-year colleges have more than 300,000 volumes in their collective libraries, but this means there are only about 50,000 volumes on a typical campus.

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Fragmentation of effort is, of course, by no means confined to Catholics. (There are also between 14 and 16 Protestant colleges in Iowa, depending on how one defines "Protestant.") Nonetheless, fission is somewhat harder to justify in a Church which prides itself on unity than in a group of denominations which take pride in small as well as large differences. The best that can be said for the Catholic college situation in Iowa is that having a lot of small campuses may allow more students to develop a feeling of confidence and competence than would be possible if all of Iowa's Catholic colleges were consolidated into a single Catholic university of perhaps 6,000 students. Consolidation might be better for the most enterprising and competent students, but somewhat worse for the shy, the inept, and the uncertain, who might be overwhelmed by competition and by professional standards they felt they had no chance of meeting.

While many Catholic educators doubt that small, isolated Catholic colleges can do an adequate job of education, new ones continue to be founded. A new Catholic women's college has, for example, recently opened in Bismark, North Dakota. When one of us asked an enterprising and vivacious sister who had played a part in its creation why she thought it necessary, she reported that there were many Catholic girls in North Dakota, particularly farm girls, who thought Minnesota colleges like St. Catherine's and St. Theresa's impossibly far away. Some Catholics would argue that in that case she should have opened a Catholic junior college which would have broadened rural and small-town horizons and encouraged the girls in question to transfer after two years. Others maintain that religious energy would be better invested in enlivening and enriching the Catholic community at North Dakota's state institutions. But in a system which has no master plans and no central policy-making body, there will always be some entrepreneurs who reject these alternatives and found new colleges. Given their willingness to live in poverty, and given sufficient readiness among Catholic educators, parents, and students to assume that any Catholic college, however marginal, is better than any non-Catholic one, these ventures have a fair chance of staying afloat.

Defining a Clientele: Class

A class analysis of Catholic higher education, past and future, must begin with two basic sets of facts. First, there are the economic constraints and pressures, which affect all private colleges in their competition with state and municipal ones. Second, there are certain social and intellectual constraints and pressures peculiar to Catholic institutions, which affect their competitive position *vis à vis* private non-sectarian colleges and a few state universities. The first set of forces mainly affects the college choices of children from the Catho-

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lic lower and lower-middle classes. The second set affects mainly the choices of the Catholic upper-middle and upper classes.

Historically, the Catholic colleges have never gotten many working-class students. It is true that uneducated Catholics must have been somewhat more likely than uneducated Protestants to seek and obtain education for their children; otherwise the educational differences between the two groups would never have narrowed as much as they have. We suspect, however, that the main source of this difference was the fact that Catholics were more urbanized than Protestants. In any case, uneducated parents have not traditionally sent a substantial proportion of their children to college, even when they could afford to do so. Those working-class Catholic families which did send a child to college were often anti-clerical, anti-Irish, or both, and frequently preferred a "neutral" public institution to the available Catholic ones. Sometimes, it is true, they were under economic pressure to choose a Catholic college, since most big cities had a Catholic but not a public college within commuting distance. Sometimes, however, economic pressures worked the other way, pushing Catholics who would have preferred a church college into cheaper secular ones.

In recent years, these circumstances have altered somewhat. The assimilation of more recent immigrants into the fabric of American life has done a good deal to mute anti-Irish feeling, and probably also anti-clerical feeling. In addition, a larger proportion of lower income children now complete secondary school and enter college. As a result, the traditionally rural state universities have been opening commuter campuses in the major urban centers of their states. At the same time, instructional costs in all sorts of colleges have risen faster than subsistence costs, and it has therefore become more expensive to commute to most Catholic colleges than to go away to state institutions. This will probably be increasingly true in the future. As tax subsidies for state institutions rise, despite Ronald Reagan and his like, those Catholic colleges which have traditionally recruited substantial numbers of lower-income students will find themselves at more and more of a disadvantage. The problem will be especially acute at those colleges which expand enrollment faster than they can recruit religious faculty, for these colleges will experience an especially rapid escalation in costs as they shift over to salaried lay professors. The problem will also be especially acute at the Catholic commuter colleges, for while these colleges cost less than residential ones, the proportional increase in their costs is correspondingly rapid. While working class incomes are also rising, few working class Catholics are likely to want to spend their hard-won wage increases sending their children to an expensive Catholic college rather than a cheap public one. Few Catholic colleges have large scholarship programs.

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The major burden of educating the lower-income Catholic population is therefore likely to fall increasingly on public institutions.

The Catholic colleges' share of total Catholic enrollment will almost certainly decline in the next two decades. Our best estimate is that about a third of all the Catholics who attended college before World War II did so at Catholic institutions. The proportion may have risen somewhat after World War II, especially as a result of the GI Bill, but by 1965 our best estimate is that only 30 percent of all Catholics were entering Catholic colleges. By 1985 the proportion is expected to fall to 20 percent.

Toward elite Catholic colleges?

Catholic colleges have recently been enrolling about a fifth of all students in the private sector, and that figure seems steady. The decline in their share of total enrollment has been part of the general decline in the size of the private sector relative to the public one. Catholics seem to be almost as willing as Protestants and Jews to enroll in state and municipal colleges if their social and economic circumstances push them in this direction. Catholic colleges are therefore under great pressure to respond in the same way as other private colleges. Most of them will become – if they are not already – elite institutions for a predominantly upper-middle class clientele willing to pay extra for the presumed virtues of private instruction and a private college BA. A majority of the originally Protestant colleges have long since succumbed to such pressure. In the process they also became less sectarian and more secular, until today many are hard to distinguish ideologically from their public competitors.

While some Catholic colleges are now eager to move in this same direction, the process is beset with difficulties. Catholic colleges have not traditionally appealed to the children of the Catholic social and intellectual elite. In part this was because they were neither intellectually nor socially exclusive, and nourished a pattern of campus life which sophisticated Catholics found repellent. This might not have been a problem if the Catholic elite had been numerous and sure of its ground, for it might then have attended colleges like Notre Dame and Holy Cross and created fraternity-based sub-cultures at odds with the dominant ethos of the campus, just as happened in the better state universities. But this was not encouraged. Furthermore, whatever their feelings about Catholic colleges per se, members of the Catholic elite knew that a Catholic BA was not the best way to get its children where they hoped to go. These students did not want to live their adult lives in an exclusively Catholic context. Instead, they saw their opportunities in much the same non-sectarian terms that non-Catholics did. They therefore wanted to acquire credentials

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which would open doors in established secular institutions, and they rightly believed that no BA from a Catholic college had quite the same magic as a BA from a leading non-sectarian private college. Even if there had been a Catholic college which was as good academically as the best non-Catholic ones (and there wasn't), the very fact of being Catholic and therefore presumptively parochial would have been a handicap. (The same would have been true of any college with what Americans regarded as a narrowly defined constituency.)

Today the number of young Catholics in this category is growing. The Catholic colleges, having served as a decompression chamber for those climbing out of the ghetto, have now been deprived of this traditional function by changes in what is left of the ghetto, by public competition, and by changes in the economics of higher education. If they are to survive they must define a new function for themselves, and that function seems clearly to be the education of the sons and daughters of their own alumni. These children have in most respects already escaped the ghetto, and they no longer want or need the protection of a Catholic college against the competition of non-Catholic ideas and individuals. They will only choose a Catholic college if it looks like a safe bet in secular as well as religious terms.

While we have little systematic data on the college choices of the ablest and most sophisticated young Catholics today, the choices of National Merit Scholarship winners provide some evidence. During the late 1950's, 42 percent of the Catholic men receiving NMSC awards chose Catholic colleges, while 48 percent of the women did so. While these proportions were probably somewhat higher than the proportion of ordinary Catholics choosing Catholic colleges during these same years, they are hardly grounds for complacency among educators in the Catholic sector. Most Catholics, after all, opted out of the Catholic system because they could not afford it and felt obliged to attend cheap public institutions. While this may in some ways have loosened their ties to the Church, it did not necessarily indicate basic reservations about the adequacy of Catholic colleges. A large proportion of the Catholics in public colleges probably would have attended a Catholic college if they had had enough money and could have met the admissions standards. The Merit Scholars *did* have enough money to attend Catholic colleges, and all met Catholic college admissions standards. Yet they *still* did not come to Catholic colleges in large numbers. This suggests that the appeal of Catholic colleges to the most sophisticated, ambitious, and talented Catholic students is limited – though certainly not negligible.

The Jesuits

One reason for this is that not all teaching orders, nor all colleges run by a given order, have yet committed themselves to attracting

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and pampering such students. Some colleges are now eager to become universities or university colleges, but others resist this sort of secular tendency as they have resisted so many others. In this as in many other aspects of Catholic collegiate development the pacesetters are the Jesuits. The Society of Jesus is by far the largest Catholic teaching order, conducting 28 colleges in America. Almost all of these colleges are located in major cities. These are typically the largest Catholic colleges in their metropolitan areas, as well as the most academically distinguished. There are a few exceptions. St. Johns on Long Island (conducted by the Vincentians) is larger than the Jesuits' Fordham in the Bronx, though it is hardly competitive in any other respect. La Salle in Philadelphia, conducted by the Brothers of the Christian Schools, is larger than the Jesuits' St. Joseph's in the same city, but it does not seem to have many other claims to eminence. In Chicago, De Paul is almost as large as the Jesuits' Loyola, though it gets a less socially select clientele. Catholic University in Washington is almost as large as the Jesuits' Georgetown, and in some departments is also more distinguished. The more typical pattern, however, is that of Boston and St. Louis, where the Jesuits' institutions (Boston College and St. Louis University) are not only the most academically respectable in their area but also incomparably the largest. And while no Jesuit university has quite so good a faculty as Notre Dame (conducted by the Congregation of the Holy Cross), the other major Catholic centers of scholarship are all (with the exception of Catholic University) Jesuit.

Always involved, often controversial, never monastic, the Jesuits have long been the Church's most worldly teaching order and the most responsive to new developments in the secular academic world. In Europe, they were for this reason the tutors of the Catholic aristocracy. One might have expected them to follow the same course in America, founding Catholic counterparts to Yale, Williams, and Oberlin. But it has not turned out that way. American Jesuits were shaped by America as well as by their international order, and particularly by their experience as an ethnic and religious minority in an Anglo-Protestant milieu. They still saw themselves as an elite cadre, but they never concentrated their educational efforts on a corresponding lay elite. Perhaps one reason for this is that, unlike their intellectual counterparts in the Protestant clergy, American Jesuits have hardly ever been recruited from the Catholic upper classes, or felt at home with them. At least until recently, an American Catholic who became a Jesuit was almost always taking a step up in the world. But this step has seldom implied or allowed a complete shift in allegiances. As a result, the Jesuits have for the most part sought students such as they themselves once were: bright and ambitious but not

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cultivated or affluent. In their own personal lives the Jesuits have made time for contemplation and prayers, but their colleges have reflected the hard-driving, workmanlike qualities of the American professional classes and the no-nonsense austerity of the upwardly mobile.

On the academic front, the Jesuits have traditionally put more resources into expanding their faculties and facilities than into raising salaries or improving the program for existing students. While many Jesuit colleges have been unable to grow fast enough to accommodate all applicants, none has yet tried to push admissions standards as high as the leading secular colleges. In one sense this reflects the relative scarcity of brilliant applicants to Jesuit colleges; but if the Jesuits had kept their colleges smaller, they might well have been able to establish much higher average levels of academic ability.

On the social front, Jesuit colleges have given dormitories lower priority than other budget items. With a handful of exceptions, such as Holy Cross and Spring Hill, they have therefore remained predominantly commuter colleges. While they have had "collegiate" symbols, such as the winning football teams of an earlier era and the neo-Gothic architecture which has unfortunately survived into the present, these have not offset the negative associations to cultured applicants of a streetcar college.

The Jesuit colleges have also been slow to raise their tuition charges, even though this meant paying their lay faculty second-class salaries and in many cases attracting second-rate men. The avowed reason for not raising tuition has been the incapacity of many Catholic families to pay more. But this could have been dealt with by charging higher tuition only to the affluent and offering more scholarships to others. The reluctance to raise tuition suggests a fear that rich Catholics would not pay "Ivy League" rates for a commuter college, either because they preferred a truly Ivy League college or because they preferred to spend their money on other things. In addition, priests who had taken vows of poverty may have been ambivalent about putting the financial squeeze on parents of limited means so as to pay high salaries to lay faculty. There has probably been some feeling that lay scholars who could only be lured or kept by fancy salaries were not really dedicated either to education or to the Catholic cause, and that it would be no loss if they went elsewhere.

The cumulative result of these policies has been to attract large numbers of lower-middle class students while scaring away some from the upper-middle and upper classes.

As we have already suggested, however, the Jesuits' colleges are now under considerable though very uneven pressure to alter this situation. Not only are they having a harder time competing with

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state institution for lower-income students, but they have been affected by the debate over the state of Catholic intellectual life. There is a Jesuit Educational Association and a Conference of Presidents of Jesuit Colleges and Universities, and while these and similar communication networks have no real authority, they make Jesuits more self-conscious about the fact that none of their institutions ranks academically with leading secular institutions. In part this is a defensive concern with the fact that Protestants and Jews tend to look down on Catholics intellectually, but in part it is a genuine concern for the unreflective quality of American Catholicism, and about Catholicism's failure to contribute more substantially to American intellectual life.

There are, in addition, more narrowly institutional pressures on the Jesuit colleges to adopt a new style. It was one thing for the Jesuits to "lose" some sons of the old Catholic elite, whom no amount of ingenuity was likely to lure to a predominantly lower-middle-class Irish Catholic college anyway; it is something else to lose the sons of one's own alumni. Today there is a growing body of college applicants whose fathers attended Jesuit colleges, got good professional or managerial jobs, moved to suburbia, want "only the best" for their children, and can afford to pay for it. Some of these fathers have an emotional tie to their alma mater, but others do not want their sons to attend a commuter college which seems tied to the ghetto past rather than the affluent, ecumenical future. Even in families where the father would be pleased if his son went to such a college, the son may want to break with what he feels is still a claustrophobic atmosphere. While only a minority chooses its college with an eye to whether it has a scholarly faculty or will help them enter a "good" graduate school, the majority does choose partly on the basis of vague general judgments about "quality" which derive, at least indirectly, from each college's ability to prepare students for graduate work.

Like other professors, the typical Jesuit prefers students who come to college with a certain measure of sophistication, who are at home with books and abstract ideas, who score high on verbal aptitude tests, and who can figure out the "right" answers even to subtle questions. (The other-worldly priest who cares mainly for his students' souls is relatively rare.) Few Jesuits want students who are really critical, rebellious, or abrasive, but then neither do the majority of secular scholars want such students, despite sporadic protestations to the contrary. The Jesuits talk a great deal about teaching students to think, and the heavy doses of theology and philosophy do seem to develop skill in formal manipulation of abstract ideas. But the weakness of the social sciences suggests that the Jesuits are less interested in teaching students to *look* as well as *think*. Most of

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the Jesuit colleges are still seeking the same sorts of applicants as medical schools and the military academies: all-American boys, sober, hard-working, intelligent, responsible, untroubled, able to learn quickly within a framework defined by others. Such a student should show only enough inclination to apostasy to make it clear that his faith is more than a matter of inadvertence.

Under these circumstances it is not surprising that a number of the stronger Jesuit colleges are trying to move with their constituency and attract the next generation of relatively cosmopolitan Catholics. Low-interest federal loans for dormitories have enabled Jesuit colleges to become more residential at little cost. Applications have risen faster than either capital gifts or available faculty, making it easy to raise tuition, while leaving lower-income Catholics to the expanding urban public colleges. Rising applications have also encouraged the Jesuits to raise academic requirements for admission. While this does not mean excluding all first-generation applicants, high standards do tend to reduce the proportion of students from lower-income, less-educated families.

Despite these gradual changes in orientation, however, the Jesuits have yet to create a college which would be attractive on non-religious grounds to the sons of the Catholic social and intellectual elite. Boston College does not compete in the same intellectual or social league with Harvard, nor is Holy Cross a Catholic Amherst. Nor can Fordham offer anything like the advantages of Columbia, nor Loyola compete with the University of Chicago. Even in an area like St. Louis, where the secular institutions have had a less distinguished tradition and the Jesuits have in recent years moved forward very rapidly under an unusually gifted president, their St. Louis University has caught up in only a few areas with neighboring Washington University, which is also moving fast. The Catholic youngster who wants "the best" can more often than not see this.

The District of Columbia is probably the only major city in the country where the Catholic institutions are academically as good or better than their non-Catholic rivals. Georgetown, being the oldest Catholic university as well as one of the richest and more scholarly, has attracted the sons of some Catholic "first families" and has developed ties with the Foreign Service and other prestige professions. Since Washington also has Catholic University, where some of the graduate programs are adequate if not distinguished, the city probably has as many good Catholic faculty and students as any in America. Even so, the standing of its Catholic institutions reflects not only their achievements but the mediocrity of their non-Catholic rivals.

Notre Dame and others

Aside from the Jesuit universities, the only Catholic male institution which has much prospect of attracting the emerging Catholic

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elite is Notre Dame. Notre Dame has had a residential tradition, but it never sought to remain small or exclusive. Instead, like its Big Ten rivals, it played big-time football and sought to grow in all directions. Today, under a president who wants to compete with the Big Ten academically as well as athletically, Notre Dame is making enormous efforts to upgrade its faculty, to break new ground in research (both connected and unconnected with the Church), and to win government grants and contracts. It has made special efforts to lure both Catholic and non-Catholic liberals, and to establish close ties with Catholic social action programs in Latin America. By hiring "controversial" professors like Samuel Shapiro (whose departure from Michigan State's Oakland branch was clouded by charges that he was a Castro sympathizer) and James Silver (who was driven out of the University of Mississippi by racists), it has sought to reassure both insiders and outsiders about its commitment to academic freedom. It has also sought to move into the social sciences and the arts in a way that few other Catholic men's colleges have done. But while it has more National Merit Scholars than any other Catholic college, it is still not quite the place for the sons of the Catholic social and intellectual elite. Its diploma still does not impress non-Catholics in positions of power in the way that a Yale or Stanford one does, and its atmosphere does not nourish the style of thought or behavior which leads to advancement in most established non-Catholic institutions. (One symbol of this divergence has been the practice of praying for football and other athletic victories – a vulgarity which, however effective, does not fit the style of the American Catholic or Protestant elite.)

The smaller Catholic men's colleges have not managed to become elite institutions. The Benedictines have shared the widespread American hostility to the city and have established a number of residential colleges in monastic rural settings. These try to preserve the flesh from some temptations while exposing the spirit to to otherwise forgotten or neglected possibilities. Yet these colleges have never attained the academic reputability of the Jesuits' best institutions, much less of places like Wesleyan or Carleton. And while educated American Catholics, both clerical and lay, often distruct the Jesuits, either as too worldly, too organizationally disciplined, or both, they are not interested in a college whose only distinction is spiritual. As a result, the colleges in question attract comparatively few students from urbane, college-educated families.

The women's colleges, drawing students who are less worried about impressing prospective non-Catholic employers, have had an easier time attracting the children of the Catholic elite. An order such as the Religious of the Sacred Heart is receptive to new intellectual

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currents and maintains comparatively high academic standards in its schools and colleges (which include Manhattanville, Barat, and Newton, among others). We could not prove it, but these nuns seem to come from more prosperous and cultured families than the Jesuits. They have, moreover, made a conscious effort to attract the Catholic elite to their colleges. For one thing, they have put money into building dormitories rather than serving local students who could commute. Perhaps more important, they have responded to rising applications by restricting enrollment more than the Jesuits have. They also charge higher tuition. All this has kept out the less affluent students and has allowed the upper-middle and upper class Catholic minority to set the tone on some of their campuses. As a result, a college like Manhattanville is socially more like Vassar than Notre Dame is like Yale.

It is easier for Sisters to cater to upper-strata parental assumptions about feminine higher education than for priests to cater to these same parents' prejudices about masculine higher education. A father who cares intensely about the academic and professional standing of his son's college often has no comparable concern about his daughter's. He is likely to be interested in a college's capacity to teach her poise and gracious living, keep her chaste, and prevent her marrying the wrong man, but not in its effect on her intellectual development or career. Such a father may acknowledge that East Coast Catholic colleges like Manhattanville, New Rochelle, and Trinity are not academically equal to Radcliffe, Bryn Mawr, and Barnard, but may still think this beside the point unless he has an extraordinarily high-powered daughter. Outside the East, even academically-oriented parents or students may choose a Catholic college simply because they disapprove of coeducation. If a Midwestern family wants to keep a daughter within a few hundred miles of home and avoid coeducation, a Catholic college like Barat, Rosary, St. Catherine's, or one of their less lively rivals, is almost the only option. In California there are a few small non-Catholic girls' colleges, such as Scripps, Pitzer, and Mills, but they are not patently better than Immaculate Heart in the same state. Nevertheless, many intellectually ambitious Catholic girls seem to feel that no Catholic college quite measures up, as the aforementioned figures on the college choices of National Merit Scholars indicate.

At the other end of the socio-economic scale, Catholic families which feel financially obliged to send their sons to public institutions often refuse to send their daughters to college at all. Such families may acknowledge that their sons will need a B.A. to get ahead occupationally, but they see no comparable advantage to sending their daughters off to a public campus where she may end up marrying a

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non-Catholic, having her mind poisoned by "atheistic" professors, or acquiring expensive tastes which her parents cannot afford to indulge. As a result, the proportion of Catholic women at public colleges is appreciably lower than the proportion of Catholic men.

Defining a Clientele: Ethnicity

In addition to distinctions of sex and class, the analyst of Catholic higher education must constantly keep an attentive eye on ethnic differences. The Church has historically sought to minimize these differences by encouraging all Catholics from a particular parish to unite around a single church, school, and so forth. Ethnic parishes have been almost universally abandoned, and ethnic differences in participation in various Catholic activities have tended to diminish somewhat over time. In higher education, however, ethnicity has sometimes had more opportunity to make its weight felt. Colleges were not organized along strictly geographic lines, but rather by teaching orders free to draw selectively from as large an area as they could. Since many of the teaching orders had historic ties to one or another European country, they were often tempted to aim their American efforts at students who traced their ancestry to the same country and derived at least a few of their attitudes and interests from it. There was nothing in the system, for example, to discourage the Assumptionist Fathers in Worcester, Massachusetts, from setting up French-oriented Assumption College in competition with the Jesuits' traditionally Irish Holy Cross in the same city. More generally, there is nothing in the system to prevent an originally Spanish order from establishing a Spanish-American college for the handful of girls from Mexican-American and Puerto Rican families who reach college, nor to prevent an order with German roots from trying to bring together the sons of German-American farmers in the Midwest.

Nonetheless, strictly ethnic colleges have been as exceptional in the Catholic as in the Protestant sector, and for much the same reasons. First, as already indicated, attending a college was a step towards Americanization. Those first and second generation immigrants who had reservations about assimilation, who wanted to preserve the old language and the old folkways, were unlikely to send their children to college at all. Catholic colleges tended to be super-American, avoiding any overt activity which might cast doubt on the college's complete commitment to the American way. The mere fact of being Catholic seemed to raise this doubt among many non-Catholics, including some who made much of America's religious pluralism and tolerance. For a college to fight for ethnic as well as religious separatism would have been to court more trouble than most thought necessary, especially when they could preserve the

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ethnic tradition covertly by identifying it with their particular brand of Catholicism.

The second reason for the relative scarcity of ethnic colleges was economic. Most Catholic colleges had a hard time attracting enough students in their early years, and they simply could not afford to discourage any Catholic applicant, whatever his ethnic background. Even the Irish colleges, which were by far the most common, usually made a point of playing down their ethnic identification. Indeed, even colleges like Assumption, whose initial *raison d'être* was ethnic, are now moving towards a broader Catholic and even non-Catholic clientele. The American image of a college dictates heterogeneity, and colleges now want bright students no matter what their background.

Yet perhaps the foregoing puts matters too cynically. Even where ethnic mixing has had no "payoff" in terms of institutional growth or academic selectivity, Catholic colleges have often sought it on ideological and moral grounds. There are very few Catholic colleges in the South, for example, but those there are have often led the way in racial integration. St. Augustine seminary in Mississippi accepted Negroes for the priesthood before Northern seminaries did so, and colleges like Spring Hill in Mobile have integrated despite local objections. There is one Catholic college for Negroes (Xavier in New Orleans), but this is exceptional, if only because there are so few Negro Catholics. In these cases, as almost always in America, the conflicting claims of religious and ethnic solidarity have eventually been resolved in favor of the former. No American college has ever been ethnic first and Catholic second.

While overtly ethnic colleges have been rare, ethnic images and loyalties have nonetheless exercised a substantial effect on the college choices of most groups. Many ethnic minorities have been extremely defensive *vis à vis* established groups. While this defensiveness has focused primarily on the Anglo-American majority, it has at times spilled over to include Irish-Americans, who today seem almost equally well established and Americanized. Many Italian-Americans, for example, have felt almost as estranged from the local Irish-Catholic college as from the local Anglo-Protestant one. They have therefore either skipped college entirely or sought out public institutions, especially urban commuter colleges, which were more ethnically anonymous (and also in many cases less expensive). The extent to which ethnic background has determined Catholics' college choices can be seen in the following table, which gives the ethnic distribution of Catholics graduating from Catholic and non-Catholic colleges both for the period from about 1927 to 1961, and separately for 1961.

The table makes two points clear. First, Catholic colleges have traditionally been overwhelmingly Irish. Whereas less than a quar-

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ETHNIC BACKGROUND OF CATHOLICS BY TYPE AND YEAR OF EDUCATION*

Ethnic Group	All Catholics Between 23 and 57 in 1963			Catholics Earning BA's in June, 1961	
	Catholic College	Non-Catholic College	No College	Catholic College	Non-Catholic College
English	5	9	5	10	12
Irish	46	21	14	36	17
German	14	19	16	23	26
Italian	13	17	21	11	17
French	7	5	11	5	4
Polish	6	8	11	6	7
Other East Europe	5	10	10	3	4
Latin American	0	4	8	1	3
Other	5	7	4	5	10
TOTAL	101	100	100	100	100
(N)	(110)	(243)	(1420)	(448)	(395)

*Based on two surveys by the National Opinion Research Center. These tabulations were generously made at our request by Father Andrew Greeley of NORC. For various reasons, we think the apparent increase in the proportion of Catholics attending Catholic colleges is probably spurious.

ter of the non-Irish Catholics attended Catholic colleges, almost half the Irish Catholics did so. Or, to put it another way, whereas the Irish constituted about 16 percent of the adult Catholic population, they constituted 46 percent of the Catholic college alumni. The second point suggested by the table is that the Irish role in the Catholic colleges has declined somewhat over the years, though it was still very marked in 1961.

The Future of the Catholic Colleges

The crucial question today confronting America's Catholic colleges is much like that confronting her Protestant colleges, her Negro colleges, her women's colleges, her community colleges, and all the rest. It is, as we have already observed, whether the adjective (in this case "Catholic") has any real meaning in an era when the character of a place calling itself a "college" seems almost wholly prescribed by other established institutions, and especially by the various graduate programs of leading universities. Catholic educators ask themselves

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this question, and their more critical students ask it of them. We have never heard a really satisfactory answer given to it, and we have none to offer from our own experience. Perhaps the only answer is that a Catholic college should help its students explore the question 'What does it mean to be a Catholic?' in an informed and disciplined way. But then a non-Catholic college should also do this – though few do. In addition, there is the hope that the richness of Catholic traditions, apart from specific creedal elements, may maintain a countervailing pressure against the fragmentation of learning which characterizes the secular university, and against the divorce of research from teaching. There is also the hope that questions of ultimate concern will continue to have priority, even if no methodology has yet been proposed for answering them. Some Protestant liberal arts colleges cling to somewhat comparable hopes and defend themselves in this same way against the limitations imposed by their smallness and their characteristic lack of eminent faculty.

In the short run, some Catholic colleges will be able to justify their existence by participating in the renovation of their Church, building morale by attacking the traditionalism which still characterizes so much parish Catholicism (and a good deal of Vatican Catholicism as well). But creative as these colleges' role may be in the Church, and valuable as they may be in mediating between the conflicting claims of the Church and the academic professions on the young, it is not easy to imagine how this will bring them a continuing supply of talented students. To do that they would have somehow to demonstrate that Catholicism can fertilize the academic disciplines as well as the other way round. Failing that, they are likely to remain predominantly "service institutions," helping move mobile students from the darker to the lighter portions of the occupational and social spectrum but not generating much light themselves.

A century ago there would have been little question that a "Catholic college" was defined in almost every respect primarily by the adjective "Catholic." Indeed, some Catholics and non-Catholics felt that this was so much the case that the institutions in question could hardly claim to be colleges in the usual Anglo-American sense. Catholic colleges were wholly in the hands of the religious, at a time when Protestant colleges had already begun to yield to lay control. They were staffed entirely by priests (and later nuns) who were trained primarily in theology and philosophy rather than in secular subjects, at a time when non-Catholic colleges were beginning to place growing emphasis on expertise in a particular secular specialty. They offered a program of studies whose form and substance derived from Catholic Europe, at a time when almost all non-Catholic institutions followed a quite different Anglo-American pattern. They re-

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cruited Catholic students from the urban lower-middle classes, many of whom had foreign-born parents, at a time when most (though certainly not all) other colleges were getting students of a very different social and cultural type. Their purpose was primarily to strengthen these students' religious faith and commitment and to immunize them to dangerous secular ideas, at a time when at least the leading non-Catholic colleges were beginning to encourage their students to explore secular ideas and trying to help them advance in the secular world.[2]

Today all this has changed. On each of the foregoing counts, the Catholic colleges are moving towards the secular norm. They have begun to appoint occasional laymen to their boards of control, and our guess is that this trend will accelerate. They now recruit faculty whose outlook is hard to distinguish from that of faculty at non-Catholic institutions. The religious faculty are now only a minority, and even they are often trained in secular graduate schools as well as seminaries. The lay faculty are also more often trained in non-Catholic universities, and even those from Catholic universities have often had an educational experience much like that at a second-level secular institution. The lay faculty also want to expose their students to "outsiders," both because they want them to know what and how such men think and because they want to impress scholars of all faiths with the fact that Catholic colleges are now dedicated first and foremost to academic excellence – "regardless of race, creed, or color." Not surprisingly, such a faculty offers programs which resemble those of non-Catholic colleges in both form and substance.

While most Catholic colleges still have overwhelmingly Catholic student bodies, even this sets them apart from non-Catholic institutions less than it once did. American Catholics are no longer poorer than most American Protestant denominations, and national opinion surveys show that Catholics and Protestants have the same range of attitudes on most issues. Leading Catholic universities are beginning to attract Protestants, Jews, and non-believers in much the way that Protestant colleges long ago began to do. These students seldom come to a Catholic college because of emotional or philosophical interest in Catholicism; they come because they cannot find (or get into) a non-Catholic university which offers the right courses at the right times in the right place at a price they can afford. Many nominal Catholics come to Catholic universities for the same reasons, and have only the most marginal interest in the fact that it is Catholic.

[2]This transition is admirably described by Philip Gleason in his chapter on the history of Catholic higher education in Robert Hassenger (ed.), *The Shape of Catholic Higher Education* (University of Chicago Press, 1967). Hassenger's collection is probably the best and most up-to-date account of the current Catholic college scene.

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Under these circumstances, the question is no longer whether the places called "Catholic colleges" will become "colleges" in the Anglo-American sense; they have almost all done so. The question is now whether the logic of their situation will allow them to remain "Catholic" in any recognizable sense.

Ambiguities of a Catholic institution

Some Catholic educators argue that there is no necessary tension between an institution's becoming academically respectable and its remaining in some way distinctively Catholic. In principle they may be right. Certainly there is no persuasive evidence that, at the *individual* level, there is any irreconcilable tension between holding to the Catholic faith and contributing brilliantly to secular scholarship and science. But while a single individual may simultaneously be both a devout Catholic and a distinguished scholar, it does not follow that a single institution can long meet both a religious and a professional standard. Many conflicts can be more easily reconciled, and many others more easily ignored, in the privacy of a man's conscience than in the rules and practices of an institution.

A college is, among other things, a set of arrangements which enable its faculty and students to live and work together. Its form depends on which habits and values the participants share. If the shared values are religious, the arrangements will be different from those where the shared values are professional. Take the single instance of faculty appointments. The academic professional prefers that his colleagues be chosen on the basis of professional accomplishments and that the choice be made by fellow professionals. An institution which refuses to follow these rules is unlikely to attract appreciable numbers of distinguished scholars over the years, for they will not regard it as a "real university." Yet we find it very hard to see how an institution which accepts these rules can long remain Catholic in any important sense. Surely the idea of a Catholic college or university implies some deviation from this narrowly professional and secular standard for choosing the membership of the community, some commitment to judging the human – and more especially the moral – qualifications of those who will teach the young. A secular university escapes this challenge by saying that it cannot pass valid judgment on such matters, except perhaps in extreme cases. If a Catholic institution makes the same statement, however, what is left of the Church's pastoral pretensions?

The leading secular universities are, we would argue, more and more shaped for (though not usually by) their faculties, often at considerable cost to others who have a stake in the institution. Their arrangements are extremely attractive to individuals with particular

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kinds of academic training and values, regardless of religion. Even devout Catholics who teach at these universities seldom chafe at the occupational culture in which they find themselves; on the contrary, it is the Catholic scholar at a Catholic college or university which deviates from secular academic norms who seems to chafe. Most highly-educated Americans, Catholic or otherwise, evidently prefer institutions which embody professional aspirations and taboos, while defining religion largely as a private affair. This does not necessarily mean they care less about their religion than about their secular work; on the contrary, many would argue in good American style that it was precisely because they care *more* about their religion that they want to build a "wall of separation" protecting it from the claims of their employer.

Under these circumstances any college which insists on making religion a public and institutional matter seems to be fighting against the dominant American ethos – certainly the dominant professional ethos. It may hold out temporarily against secular pressures to "privatize" religion by drawing on nostalgia, institutional loyalty, and other non-professional motives. But while these motives have played an important part in keeping some distinguished institutions at the top of their class, they are seldom useful to the upwardly mobile institution.

We ourselves are not enamoured of secular graduate schools as educational models, for they often homogenize talent and dehydrate promising students, focussing their attention on narrow academic sub-specialties and cutting them off both from other specialties and from life itself. Nonetheless, we find it hard to imagine that the Catholic universities will invent acceptable alternatives.

How will the Catholic colleges fare?

If we are correct in assuming that most Catholic colleges will embrace the academic disciplines and try to compete with non-Catholic colleges on the latter's terms, the next question is how they will do in this steeplechase. Will they be able to catch up with what are now the leading secular universities and university colleges? In order to answer this question, we must view the Catholic colleges in two related ways. First, we must look at them as a species of the larger private genus and ask how they are likely to fare in competition with public institutions. Second, we must look at them as currently underprivileged private institutions and ask what chance they have of improving their competitive position.

Even assuming that the Catholic colleges preserve their present share of the private market, that market is unlikely to grow anywhere nearly as fast as the publicly-subsidized one. As the private colleges' share of the market declines, Catholic colleges will be forced to define

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their prospective clientele more and more carefully. To some extent, of course, this will be done for them, since like other private colleges they will have to focus primarily on students who are willing to pay steadily rising tuition. Yet if we are right in assuming the Catholic colleges will share the ideals of secular universities, it seems likely that they will be eager to attract academically promising students, regardless of parental income. This will mean raising more money for scholarships, either from the state or from other sources. It will also mean raising academic requirements so as to exclude many students whose families could afford the tuition. The overlap between the well-heeled and the academically promising is, however, great enough so this should not be an insoluble problem.

Will Catholic colleges be able to attract able, sophisticated students? In general, the answer is that they will only be able to do so if they significantly improve their present position relative to other *private* institutions. This raises the question of whether *any* underprivileged institution, be it Catholic or otherwise, has much chance of upward mobility in the next decade or two. Academic resources, both monetary and intellectual, will clearly be in short supply. Those institutions which have already achieved eminence will find it relatively easy to get more of these resources, while those with an undistinguished record will find this an uphill struggle.

The general rule of the academic world is that the rich grow richer even faster than the poor do. If one looks, for example, at scholarly ratings of universities over the years, one discovers very few new faces. This stability is likely to continue. Quite aside from their Catholicism or lack of it, current second-rank institutions are likely to be second-rank a generation hence. One or two Catholic institutions might break into the charmed circle if the Church were able to come up with a master plan concentrating resources on them, or if the federal government were to do this through programs such as the National Science Foundation's "centers of excellence" grants. But even this is unlikely: the pressure to spread resources is enormous in both church and state. Hence, Catholic colleges a generation from now are likely to occupy much the same positions in the academic spectrum as they do today. This does not mean that they will not have improved greatly by absolute criteria. By objective indices – such as student ability and motivation, faculty erudition and output, or library and laboratory facilities – academic institutions are better today than they were a generation ago, and are likely to be better a generation hence than they are today. (Thus Fordham tomorrow may be better than NYU today, just as NYU today is in many ways better than Columbia a generation ago.) But Catholics are as competitive as non-Catholics, and their sons do not want merely to do better than the fathers. This

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means they want Fordham to catch up with Columbia, not merely exceed historical benchmarks. This it is unlikely to do. America will not allow a university like Columbia to go down hill even if its leadership is bankrupt, its location dysfunctional, and its faculty deteriorating. Like a public utility, it will be kept alive, and in all probability will flourish, rewarded for its blunders as well as its triumphs. The same is true of the other secular universities with which Catholic institutions must now compete. While a few of these may slip from the top rungs, this is certainly not likely to be common.

Prospects for drastic reorganization

The only development which we can imagine upsetting this general prognosis would be a drastic reorganization of Catholic higher education in America. This seems unlikely, but it is certainly not inconceivable. There is enormous ferment within the Church today, and higher education is not only one of the prime instigators but one of the main objects of discussion. More and more Catholics have begun to doubt that their Church has the financial or human resources to compete with public education on all fronts. Some have urged that the Church get out of the education business entirely, on the grounds that the money and personnel now tied up in this effort could be better deployed elsewhere (e.g., in missionary work overseas, or in organizing the poor at home). Others have urged that the Church concentrate its efforts on higher education, while abandoning elementary education entirely. While no such radical departures seem likely, these and similar proposals might conceivably encourage the American hierarchy to consider some kind of Master Plan for Catholic education to set priorities, both between different levels and within them. In higher education this would almost certainly mean a moratorium on new Catholic colleges. (In the single academic year 1964-65, the number of Catholic colleges listed by the U. S. Office of Education grew from 366 to 381.) It would also mean encouraging the consolidation of small struggling colleges in the same diocese. Such colleges could be encouraged to move to adjacent campuses, to share expensive facilities like libraries and laboratories, and to share courses and faculty members in some areas. (At present there is little cooperation even between men's and women's colleges on contiguous campuses, both because historic inter-order rivalries are too fierce and because one institution almost always feels itself superior to its neighbor in some respect.) Church politics would not allow a bishop to force such mergers on the unwilling, but he could at least refrain from helping poor colleges escape the logic of their positions. The "natural" rate of mortality among Catholic colleges remains very high, and it would be still higher if the hierarchy openly encouraged

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lay philanthropists to support only the stronger colleges or groups of colleges.

But such reforms are hardly likely. On the contrary, knowledgeable Catholics seem to expect the multiplication of Catholic colleges to be abetted rather than curbed by reports that the proportion of Catholics in Catholic colleges is falling. In that case the typical Catholic college is likely to continue its halting progress towards both ecumenicism and academicism, but is unlikely to achieve academic parity with its leading secular rivals.

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The future computer utility

PAUL BARAN

The most important policy issue regarding the use of computers in the next decade will involve the creation of a "national computer public utility system." It may seem strange to think of the computer in terms of a public utility, since ostensibly a computer is a machine that a customer buys or rents for his own use. But the recent emergence (only in the last year or two) of the possibility of "time-sharing" – whereby thousands of individual terminals, located in homes or offices, can be hooked into giant central computers through the use of telephone lines and used for information-gathering, ordering and billing services, etc. – makes the question of such a utility system anything but academic.

In Great Britain, a bill has been introduced into Parliament to allow the General Post Office (G.P.O.) to sell data-processing services and facilities. The G.P.O. in Britain has a monopoly of the telephone and telegraph services; and it is envisaged that it will also sell a network of computer services to various customers on an *ad hoc* (e.g., a dime for a telephone call) or contract basis. In the United States, of

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course, we do not have a single government system. Most of the wire services are handled through A.T.&T., although the General Telephone Company and hundreds of smaller independent companies are hooked into the national system. So we have various alternatives. We can create a new national monopoly-utility. We can license a competing national system to avoid extending the present scope of A.T.&T. (just as COMSAT was set up as a new international communications system). Or we can permit a system of laissez-faire.

The problem, in short, is how do we "hook up" the unregulated purveyors of computer data-processing services such as General Electric with the regulated communication companies, such as A.T.&T. and Western Union. This article seeks to explore the alternatives.

The computer revolution

To understand the problem of a national computer information system, we might look at the historical development of earlier transportation and communication systems. Our first railroads in the 1830's were short routes connecting local population centers. No one sat down and laid out a master plan for a railroad network. Over time, an increasing number of separate local systems were built. A network gradually grew as economic pressure caused new links to be built spanning gaps between individual routes. Similarly, we did not start to build a nationwide telegraph network in the late 1840's — only independent telegraph links; nevertheless we soon had an integrated nationwide network. Even the name, *Western Union,* recalls the pattern of independent links joined together to provide a more useful *system.* Nor was a nationwide telephone system planned in the 1890's. Yet today we have a highly integrated telephone network.

Such patterns of growth are not accidents. Communications and transportation are services that historically tend to form "natural monopolies." The reason is understandable. It is far cheaper to share the use of a large existing entity than to build one's own facilities.

Now the newly developing computer utilities have the same properties as communication and transportation networks, and the same inherent tendency to be self-agglomerating. It is cheaper to share information by tying together independent data-processing systems than by building a large number of duplicating systems without interconnection. Such "sharing" has been made possible by new technological developments.

These new developments in computer technology are of such significance as to affect materially the nature of our economic and social life. Numerical processing, the business that gave the computer its name, has already been relegated to secondary importance, as the new generations of computers are being used for such tasks as diagnosing illness, simulating business operations, creating elementary

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teaching machines, reaching routine business decisions on investment and inventory policy, scanning addresses of letters, and sorting mail. This open-ended list is but an indication of what tomorrow's computer will be doing. The word "computer" is by now a misnomer. It is the *automation of information flow* that is really at the heart of the computer revolution.

The speed and facility with which computers manipulate numbers is already an old story. The new computers process and rearrange words as readily as their predecessors handled numbers. Today, large files can be processed, stored into the memory banks of the computer, and rearranged upon command. Information is being retrieved in an increasingly abstract and sophisticated manner.

To take a simple and even "absurd" example. Suppose you wish to send off several slightly different, angry letters to editors of different periodicals. You would type a rough draft onto an electric typewriter device; add a few symbols to rearrange the orders of the paragraphs; call up some stock phrases which can be varied; add your own previously defined symbol to specify your list of addresses; and, when satisfied, type a single word, "Go." Out of the typewriter, at 150 words per minute, would come a series of perfectly typed, "individual" letters. The publication deciding to publish your letter would hand it to a typist. She would type your letter into the computer, specifying a desired column width. Such details as decisions on hyphenation, or the insertion of blank spaces to neatly justify the right-hand margin, are provided by the computer. (The computer memory might even contain a dictionary to prevent most misspellings.) At some later date in the future, automatic print readers might even eliminate the need for the publisher's typist.

All this may sound expensive and impractical. We do not want to buy an entire computer for such simple tasks. It is like buying a cow for a little cream for our coffee. But with the advent of the computer utility, we need not do any such thing. We would merely use a small portion of the large capability possible in our new computer systems, which are becoming ever more powerful.

This major advance in spreading the access of the computer to an ever wider segment of society is known as "time-sharing." Our newer computers are so fast, relative to human response, that a single computer can now rapidly serve a large number of users and maintain the illusion that each has his own computer. The conversion of raw computer speed into simultaneous service to a large number of users is a key aspect of the coming computer revolution, for it spreads the benefits of computer technology widely. With a marked decline in the cost of computing power each year, the usable market for newer information-processing systems can only increase with time.

And while it may seem odd to think of wanting to pipe comput-

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ing power into homes, it may not be as far-fetched as it sounds. We will speak to the computers of the future in a language simple to learn and easy to use. Our home computer console will be used to send and receive messages – like telegrams. We could check to see whether the local department store has the advertised sports shirt in stock in the desired color and size. We could ask when delivery would be guaranteed, if we ordered. The information would be up-to-the-minute and accurate. We could pay our bills and compute our taxes via the console. We would ask questions and receive answers from "information banks" – automated versions of today's libraries. We would obtain up-to-the-minute listing of all television and radio programs. We could use the computer to preserve and modify our Christmas lists. It could type out the names and addresses for our envelopes. We could store in birthdays. The computer could, itself, send a message to remind us of an impending anniversary and save us from the disastrous consequences of forgetfulness.

Within the next few years we can expect to see about 100 *separate* general-purpose, time-sharing computer systems. These early general-purpose systems can, for the most part, only serve customers economically within 50 to 100 miles from the central computer. *The economic limitation on market size is the high cost of long-distance telephone lines.* We may therefore expect to see many small, independent "computer utilities" – at first.

The problem of regulation

The computer field, while dominated by a single large company – IBM – has bred a host of small, fast-moving competitors that have kept the leader on its toes. Competition in the computer business is relatively fierce and the number of losers is large. But in long-distance communications, we have a history of protective governmental regulatory action which allows less room for free enterprise competition. The conflict begins as the totally unregulated computer companies rub up against their highly regulated communications suppliers. The technological growth of computers may be limited by the regulatory structure for data transmission unless new regulatory doctrine is created.

While the term "computer utility" is commonly used to describe the new computer-communications networks, these are markedly different from the classical utility. A utility is a "natural monopoly" in which the government issues an exclusive franchise to provide service to the public on a noncompetitive basis. In return for the monopoly granted, the utility acquires a set of obligations. This includes the requirements to provide service to all comers on an equal basis, including those that are highly profitable and those that are not. We pay the same for electricity whether we live next door to the electric

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generator or on the fringe of the city.

On the other hand, a potential user of a "computer utility" in a big city can buy his service from any one of perhaps a dozen or more strongly competing time-sharing systems. The user is not restricted to doing business with any one company. If one is not satisfied with the service, or is concerned about price, one can always "go" elsewhere. Similarly, any single computer installation is not forced to serve all potential customers on an equal basis. The big customer may expect preferential treatment, either in terms of prices charged or speed of service. (Time-sharing systems have their own "peak-load" problems.) But there are several reasons why some form of regulation may be required. Consider one of the more dramatic ones, that of privacy and freedom from tampering. Highly sensitive personal and important business information will be stored in many of the contemplated systems. Information will be exchanged over easy-to-tap telephone lines. At present, nothing more than trust – or, at best, a lack of technical sophistication – stands in the way of a would-be eavesdropper. All data flow over the lines of the commercial telephone system. Hanky-panky by an imaginative computer designer, operator, technician, communications worker, or programmer could have disastrous consequences. As time-shared computers come into wider use, and hold more sensitive information, these problems can only increase. Today we lack the mechanisms to insure adequate safeguards. Because of the difficulty in rebuilding complex systems to incorporate safeguards at a later date, it appears desirable to anticipate these problems.

Apart from the issue of potential threats to privacy some *de facto* regulation of time-shared computer systems is already appearing – but largely as a by-product of the Federal regulatory rules established for telephone and telegraph communications of an earlier era; and this is not wholly satisfactory for the problem of the computer utility.

The utility regulatory process has been fundamentally a backward-looking affair. Rules under which one must live tomorrow have been based on experience of the past; regulatory bodies rarely lay out price tariffs on the expectation of new technology to come. In at least one major instance, "forward-looking tariffs" (tariffs estimated on future costs) have been specifically rejected by the FCC. Based on existing regulations, any communications tariff philosophy for time-shared computers would be a legacy from a different era and for a communications system designed for a different purpose.

A new tack was taken in November, 1966, when the FCC, to the surprise of the computer industry, announced that it planned to consider its own role in the domain of the "computer-utility." An inquiry of such magnitude usually takes several years before being resolved.

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But it is clear that the FCC appreciates that there are new issues that need attention. For it is increasingly evident that the new generation of time-sharing systems is best served by a somewhat different communication — one specifically designed to operate between computers, and from computers to people rather than the traditional voice telephone. The common-carrier voice communications systems of today were designed primarily to provide a voice-to-ear or typewriter-to typewriter link between humans. Today's communications regulatory doctrine still regards the computer merely as another user of these existing telephone, typewriter, and telegraph networks. But this is the jamming of a size ten foot into a size five shoe. The communications characteristics we desire in computers are so fundamentally different from previous systems that any carry-over from the past would be procrustean. For example, the computer user wants short, high-speed spurts of data. He is intolerant of the errors caused by background noise. He doesn't want to have to pay for a long-time telephone-call-like connection, for his line will be idle most of the time. He would like to share it with other similar, short-burst, computer "party-line" users serving other systems — with time sliced very finely. The subtle nature of the new and more complex technological interface between the older telephone communications system and the computer is still not completely appreciated, even by the computer industry.

The players in the game

Regulation, if it comes, will probably not center on the issue of privacy, but rather on the issue of money.

There are several players in the game. There are, first, the manufacturers of computers (hardware); there are the sellers of data-processing services and programs (software); and there are the communication companies, like AT&T and other telephone companies, who have the network equipment. And the interests of all three are not identical.

The major growth in the new computer industry is in the sale of services over telephone lines. The computer community does not wish to have its growth rate determined by the communication companies.

The evolving issues are beyond the sole domain of the participants. There is the "public" and "the government" to be considered. But the pitiful technical resources of government available to unravel the legal obfuscation of the contestants are small in comparison to the task ahead of them. The budget of that portion of the FCC that must serve the public interest in this new field is incommensurate with the magnitude of this task. As a result, the overburdened staff of the FCC and other regulatory agencies act timidly as the day-to-day protector of *both* the public and the utilities. Allow none to make

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too high a profit; allow none to jeopardize the profitability of previous investments of the common carriers; disallow the use of income from one set of users to subsidize a new service which may be subject to outside competition, etc. But all this only serves to delay the evolution of computer technology by avoiding those investigations which call for a more complicated regulatory process.

Let us examine some of the economic forces at play in the new computer utility field.

Yearly, the cost of computation equipment declines drastically. A computer system only a few years old is ready for the junk heap. The parts are as good as new, but later models are faster, smaller, and less expensive to operate (per equivalent unit of computation). "Last generation's" computers are too expensive, even though incompletely amortized. Rapid obsolescence imposes a tremendous burden of capital investment upon the computer manufacturer. The more successful it is at leasing computers, the more money it ties up. It is no secret that the computer divisions of most companies are not paying dividends. But the decision of a large electronics company to stay in this high-stake game is not one of choice. The major future element of electronics growth lies in the computer-technology art. To drop out of this game is like the icebox-maker choosing to drop out of the electrical refrigeration business. You either go where technology takes you, or you cash in *all* your chips and leave.

In the unregulated computer business, free enterprise is at its competitive best in stimulating rapid technological growth. The computer consumer is reaping the benefits of large, high-risk capital investment. The tab for rapid equipment obsolescence is picked up to a large extent by the competitive computer manufacturers, not by the consumer.

But let us consider the other partner in the new joint technology of computers and communications. Communications between the unregulated computers and their remote users is over circuits provided by *regulated* utilities such as the telephone company. The costs and tariffs in the regulated communication business cannot be identical, or even commensurate. To charge each user what his service actually costs would require more accountants (and lawyers to adjudicate differences) than there are now telephone repairmen – and one out of 70 people in this country already works for a telephone company or its suppliers! Moreover, the potential spread between communication costs and tariffs widens as communication itself is simultaneously undergoing technological improvement – especially in systems designed primarily for the transmission of digital data. Although such systems exist today only as paper studies, it may not be understating the case to say that the full momentum of this new technological force is blunted by the inertia of present government regulatory policy,

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which isolates tariffs from the type of equipment used to provide a service, and limits the type of equipment that may be connected to the line.

The imbalance of costs

A period of rapid technological innovation can produce temporary dislocations during which obsolescence can occur before amortization. The end result will be markedly different, depending on whether the industry is regulated or unregulated; and, if regulated, whether the utility is free from competition or from substitute processes.*

In the real world, as costs and tariffs of communication are (almost by definition) not usually identical, only a long-term decline in tariff rates may be expected. But if the change in technology is sufficiently abrupt to allow a new entrant to create an entirely new communications system, or a portion of a system offering a lower price than tariffs based upon the amortized cost of existing equipment, then a new range of possible alternatives presents itself. Some of these could be violent. (There are some who hold that because of development in digital technology, microwave, and satellites, it will be possible to build entirely new special communications systems, designed solely for digital communication, at a lower cost than is represented by existing tariff charges.) Present data tariffs are based upon using a communications plant designed primarily for voice communications. Today's limited number of data subscribers are *minority users of the system. Digital transmission and switching is* being adopted by the telephone company in their future plans as the most economical way to serve new voice and personal television users. But the full advantage in switching to digital communications techniques is not felt by the mass of huge, slowly-amortized telephone plant which is used in the overall tariff calculation. This being so, the plunging cost possible (in a system designed for data transmission or at least optimized for data transmission) does not result in major savings to the computer user. There are some companies eager to enter the data communications field, but holding back because of the legal restriction to competition – and a well-founded fear that the telephone company might recalculate its tariff offerings and wipe out the new competition.

Only a few years ago this would have been of minor importance.

*Computer manufacturers try to write their equipment off as fast as possible. Contrast this with the seemingly strange behavior of telephone companies that refuse to use the newly allowed seven-year writeoff permitted by the Internal Revenue Service – preferring a twenty-year writeoff. The reason is that the legal tariffs are established by the book value of the plant. You can charge the customer more if you are a regulated utility and if you can show a larger unamortized plant investment.

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The data users were few, and communication cost was low compared to computation. But now the cost for computation is dropping so rapidly that, relative to computation, the cost of communication needed to tie together many users of a single machine is the overriding cost limitation. A few years ago, the cost of communication was only about 10 to 15 percent of the total computer-communication system cost. In some of the larger systems now being considered, communications cost is 50 percent or more of the total system cost. Estimates of over 60 percent are anticipated for some later time-shared systems.

This increasing imbalance causes the computer user to press the communications suppliers to reduce their tariffs. This desired price reduction has, in the past, only appeared as a polite request: it was hardly worth any single computer company's time to press the issue, especially since all computer suppliers paid the same price and no one reaped a competitive advantage. But in the impending evolution of time-sharing systems, certain developments could bring these gentlemen's agreements to an end, and a donneybrook might result.

The new technology of data concentration

It is both technically feasible *and* necessary to concentrate the traffic from a large number of separate users in order to share expensive transmission circuits. Each telephone circuit, plus a little storage to smooth peak loads, is capable of handling as much as a few hundred times the *average* load generated by first-generation remote computer terminals.

Obviously, if communications costs continue to be overriding, there is a tremendous payoff for "concentrating" a large number of users together over a single telephone circuit and splitting the bill among them. Today, as has been observed, a small time-sharing system cannot economically serve customers more than 50 to 100 miles away. But if many independent people in Los Angeles wished to share a single communications circuit which would tie into different computer systems in the Boston area, it is perfectly feasible for them to band together to build a small computer-like device – called a "digital concentrator" – which gathers all the signals together and transmits them over a *single* circuit, leased from the telephone company. *The cost of communications per user would become so low by this arrangement that it would be possible economically to "talk" to a computer almost anywhere in the country. There is only one catch – this may be in violation of present-day laws! We would have created an unregulated common carrier.*

Today we can concentrate only if: (1) we have enough users served by the *same* computer company to divide the costs of the concentrator; (2) the communications are used *only* for computation;

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and (3) we agree not to exchange "messages" between users. In other words, if all the computer companies could get together, this would increase the economic area that can be served by a time-sharing system from 75 miles to over 3000 miles.

But this would be illegal unless all the users, or all the end computers, were owned by a *single* company. One could imagine IBM rapidly achieving this condition. But the smaller computer companies cannot share communications facilities to compete for distant users. If they did so, they would become illicit common carriers – unless they were regulated. And there is little precedent upon which to create such new regulated common carriers. The legal roadblocks anticipated, if the smaller computer companies sought this avenue of relief, could jeopardize their activities for years.

One or more common carriers?

The creation of a new "concentrator" service appears indicated. But there are difficulties with this approach.

Although the telephone company has expressed no interest in doing so,* there are computer manufacturers willing to enter the field *provided* that they are protected from the uncertainty of the telephone company later entering the business, after the market is "proved out," and before their special-purpose equipment is amortized.

The strongest barrier to the proposed common concentration approach is that the telephone company itself may be expected to raise strong objection on the legally correct grounds that one has created a new common carrier which apparently would not be subject to regulation. Whether this objection would vanish if this "new communications utility" were to be regulated in some manner, it is difficult to predict. While the telephone company would temporarily lose business because of such concentration, it would still be the supplier of the basic links required by the new regulated communications service.

Another cloud of doubt is the possible enforcement of the ancient Western Union Telegraph Company franchise as *the* carrier of "record traffic" – that is, of *written* text as against oral communication. Some lawyers hold that, even though the computer did not exist at the time of the granting of the Western Union franchises, if the computers exchange "record traffic," Western Union's legacy from a dead era gives it a case upon which to argue that it alone can legally provide the desired services.

This viewpoint is not willingly accepted by most computer manufacturers, and there is strong opposition to the exclusive control of

*Or some people say "can't," according to their interpretation of the 1956 AT&T-Western Electric antitrust consent decree.

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this potential market by the telegraph company. After all, Western Union is already in the time-sharing computer services market – it is a competitor as well as supplier. Further, few computer companies wish to see the rate of technological development of their industry hinge on any *single* organization.

Assuming the maintenance of the present regulatory pattern, we may still expect to find data concentrations being developed. But their growth pattern will be different. The small time-sharing company will not be able to serve enough users to do very much concentration economically, except within a few major cities. Conversely, the large computer companies will serve a large number of customers earlier in the game. As such, they will be able to provide an earlier and broader concentration, and so reduce the communications cost – to their own users only.

As the cost of communication will be expected to be the overriding consideration in many instances, merely by standing still we shall allow a situation of dynamic instability to occur. The larger computer utilities will grow larger as they service the entire nation economically. The smaller companies will suffer. Such ineffectual "regulation" will drive out the smaller "computer utilities." While this would greatly simplify the burden of regulation, we should appreciate the secondary price we may pay and should carefully consider the alternatives.

Possible policy measures

The criteria for the choices facing us are as follows:

1) Aid the development of the new computer technology;
2) Offer maximum protection to the preservation of the rights of privacy of information;
3) Encourage the development of competitive enterprise in all sectors of the new "utility," recognizing that preservation of free choice is not only economically feasible but desirable;
4) Minimize the complexity of the regulatory process so that it does not stand as a potential hindrance to new entrants.

To these ends we might wish to consider the following policy choices:

1) *Initiation of Professional Licensing Standards*

To deal with the problem of privacy, and to insure that there is no infringement by computer technicians on personal or business secrets, we may have to face the problem of licensing. The professional-technical societies whose members include programmers, design engineers, technicians, and managers of the new computer utilities must first confront the issue. An early inquiry into standards of ethics, fiscal responsibility, and penalties for abusing the proposed licensing standards would provide a basis upon which to construct

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privacy protection schemes. Although licensing would probably be performed on a state-by-state basis, a model National Code would be helpful in expediting reciprocal licensing agreements. As data are already flowing on an interstate basis, the possibility of national licensing should also be considered.

2) *Remove the Economic Advantage to Large Computer Utilities by Changing the Ground Rules on Concentration*

Unless the rules prohibiting smaller computer utilities from gathering together their traffic from remote cities and concentrating it for transmission are modified, we can expect the larger computer utilities to drive out the smaller ones merely by virtue of lower communications cost. While this problem can be solved by the creation of new common data carriers, the price and time delay of the inevitable litigation may kill off the smaller companies before their cases are adjudicated. Either simpler licensing procedures or redefinition of "common carriers" is indicated.

3) *The Right of Free Exchange Across System Interfaces*

A new pronouncement by the regulatory agencies of a doctrine of free interchange of signals across the boundaries of individual systems would be of tremendous technological benefit. Once, when the telephone company sold *only* a mouth-to-ear service, constraints on all equipment connected to the system may have been justified. But, today, the telephone plant is carrying a heterogeneous mixture of signals. The nature of the signals should be of no concern to the telephone company (provided these signals do not interfere with one another). The user should be allowed to connect any mixture of computer and other signals without having to pay a different tariff depending upon who is sending what.

4) *The Right of Attaching Foreign Devices*

Telephone companies have jealously guarded their right to control all devices attached to the telephone system by a doctrine euphemistically called the "foreign attachments doctrine." They have even hauled into court those who would issue free plastic binders for telephone directories. Today, no computer can be connected to the switched telephone system unless a box called a "Dataphone"* is inserted between the telephone line and the computer. The computer manufacturers feel that they could reduce the cost of their remote terminals if they were allowed to build their own circuitry (and still protect the telephone from a potential source of interference). This would mean fewer pieces of equipment on a customer's premises requiring service by another organization. Computer manufacturers would like to receive a definitive standard of the

*A registered trademark of A.T.&T.

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electrical signal required to feed telephone lines. They feel that a telephone utility should provide communications, and not data-processing, equipment.

5) *Encourage the Use of Radio for Data Transmission*

The FCC could stimulate competition in the local communications field by encouraging the use of the lightly occupied Super High Frequency spectrum for the transmission of data. In the future, there will be a growing need for a single computer (or concentrator) located in the center of a city to spurt data to inexpensive TV-like displays at a large number of remote terminals. Highly directive microwave offers an economical solution to this requirement – provided the licensing red tape is reduced and we allow some newer forms of signal modulation to serve a large number of highly intermittent computer users who share a common frequency band. FCC rules and standards here delay the development of new communications technology.

We are moving headlong into an era when information processing will be available in the same way one now buys electricity. But the attributes that distinguish heterogeneous information from the homogeneous products distributed by the earlier utilities demand a fresh regulatory approach – one that would serve technological progress, privacy, and the public interest. We may wish to think of this as tomorrow's problem; but it is already here.

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Redefining poverty and redistributing income

VICTOR R. FUCHS

The problem of poverty, like most problems, begins with the problem of definition. Depending upon how poverty is defined, one can conclude that it is not a serious problem in the United States, that it is an insoluble problem, that we now are making great strides toward eliminating it, that we are not making any progress at all – or almost anything in between these extreme alternatives.

Although many definitions are possible, they are not all equally useful. The approach that has been followed most often in recent years is to define poverty in terms of the income needed to attain some "minimum" or "subsistence" level of living. The figure of $3,000 per family per year (with adjustments for family size and composition and place of residence) has been widely used by the Administration and others as delimiting the "poverty line." But this $3,000 figure – or, indeed, any similarly fixed standard – has many serious deficiencies. It is my contention that it should be replaced by one that changes with the growth of the American economy – that poverty in the United States in the 1960's is largely a matter of *economic and social distance.*

When most Americans have a great deal, those that have much

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less are poor, regardless of their absolute level of income. To be sure, in any society there will always be some differences in income, and it would not be helpful simply to define as poor those at the lower end of the distribution – if the gap between the average family and those at the bottom were not large. But the gap in the United States today *is* large; and any useful definition of poverty will have to cope with this fact.

Poverty redefined

I propose that we define as poor *any family whose income is less than one-half the median family income.* No special claim is made for the precise figure of one-half; but the advantages of using a poverty standard that changes with the growth of real national income are considerable.

First, it explicitly recognizes that all so-called "minimum" or "subsistence" budgets are based on contemporary standards which will soon be out of date.

Second, it focuses attention on what seems to be a fundamental factor underlying the present concern about poverty– i.e., it represents a tentative groping toward a national policy with respect to the distribution of income.

Finally, it provides a more realistic basis for appraising the success or failure of anti-poverty programs.

These points will be developed below. Table 1, which shows the percentage of families classified as poor under various definitions, provides a useful statistical background. We see that the fraction of families with less than half the median income has remained constant – at about 20 percent – throughout the postwar period. The highest level ever reached was 20.9 percent in the recession year of 1954; the lowest was 18.9 in 1947, and in the Korean War years 1951 and 1952. Throughout the period there is no evidence of either an upward or downward trend.

The constancy of poverty so defined contrasts sharply with the decline of poverty defined by a fixed standard, as shown in columns 4 and 5. Whether we use $3,000 or $2,000 (in 1965 dollars) as the standard of poverty, we see that the number of poor families has shrunk considerably in the post-war period. The percentage has been cut almost in half, and there is every reason to believe that continued growth of national income would bring about further reductions in the years ahead. The record on this point is unmistakeable. In those years when the nation's median income rose rapidly, there were substantial decreases in the percentage of families with incomes under $3,000. In those years when the median income declined, the percentage increased.

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Table 1

PERCENTAGE OF U. S. FAMILIES CLASSIFIED POOR BY CHANGING AND FIXED STANDARDS, 1947 to 1965

(IN 1965 DOLLARS)

YEAR (1)	MEDIAN INCOME (2)	PERCENTAGE OF FAMILIES WITH INCOME: LESS THAN ONE-HALF THE MEDIAN[1] (3)	LESS THAN $3,000 (4)	LESS THAN $2,000 (5)
1947	$4,275	18.9	30.0	17.2
1948	4,178	19.1	31.2	18.1
1949	4,116	20.2	32.3	19.5
1950	4,351	20.0	29.9	18.1
1951	4,507	18.9	27.8	16.3
1952	4,625	18.9	26.3	15.8
1953	5,002	19.8	24.6	15.4
1954	4,889	20.9	26.2	16.7
1955	5,223	20.0	23.6	14.6
1956	5,561	19.6	21.5	13.0
1957	5,554	19.7	21.7	13.0
1958	5,543	19.8	21.8	12.8
1959	5,856	20.0	20.6	12.1
1960	5,991	20.3	20.3	12.1
1961	6,054	20.3	20.1	11.9
1962	6,220	19.8	18.9	10.9
1963	6,444	19.9	18.0	10.2
1964	6,676	19.9	17.1	9.2
1965	6,882	20.0	16.5	9.1

[1] Estimated by interpolation

SOURCE: U. S. Bureau of the Census, *Current Population Reports* Series P-60, No. 51, "Income in 1965 of Families and Persons in the United States," January, 1967.

Provided we cling to a fixed standard, it is not difficult to foresee the virtual elimination of poverty. But standards will move upwards, so long as ours is a progressive society. And column 3 is a sobering reminder that, when poverty is consistently defined in relation to contemporary standards, there has not been any decrease in the entire postwar period.*

*The above picture is based on the total money income of families, including Social Security and unemployment benefits, and public assistance payments. The picture would be modified only slightly if account could be taken of the distribution of non-money benefits – such as subsidized housing and food stamps – to the poor. Medicare and Medicaid will have some impact, but will not alter the basic pattern.

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Inadequacy of a fixed standard

Ever since poverty has been an object of study and a focus for policy, there have been attempts to set standards to identify the poor. These standards have varied enormously with time and place; the search for a single fixed standard, when the society is getting richer and is changing itself in all sorts of ways, is like the pursuit of a will-o'-the-wisp. A brief look at U. S. poverty now as compared with poverty thirty years ago is instructive. If the current standard of $3,000 had been set back in the 1930's, President Roosevelt's estimate of "one-third of a nation" would have been far off the mark. We do not have accurate data on family income for that period, but it is probable that *close to two-thirds of all American families then had incomes (adjusted for price change) below $3,000.* But the point is that $3,000 in 1933 – even $3,000 1967 dollars – was not at all the same as $3,000 in 1967. It was a different world, inhabited by people with different habits, different needs, and different life-styles.

Recent surveys of low income families have reported a high percentage owning television sets, washing machines, telephones, and other consumer goods that would be considered luxuries by most of the world's population – and would have been considered luxuries by most Americans thirty years ago. By the standards that have prevailed over most of history, and still prevail over large areas of the world, there are very few poor in the United States today. Nevertheless, there are millions of American families who, both in their own eyes and in those of others, are poor. As our nation prospers, our judgment as to what constitutes poverty will inevitably change. When we talk about poverty in America, we are talking about families and individuals who have much less income than most of us. When we talk about reducing or eliminating poverty, we are really talking about changing the distribution of income.

The distribution of income and economic policy

The four classic economic goals of every society are to achieve efficiency in the use of resources, stability of employment and prices, growth of real output, and an equitable distribution of income. In the U. S. we have formulated many policies aimed specifically at the first three goals, but until recently have tended to ignore the fourth.

Efficiency in the use of resources primarily is sought through competition and is the avowed purpose of the Sherman Anti-Trust Act and similar legislation. Partly as a result of such laws, we undoubtedly have the most efficient economy in the world. Economic stability has been more of a problem, but twenty years ago this country created a national policy with respect to employment and unemployment in the Employment Act Act of 1946. It is now understood

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that the Federal government has a clear responsibility to prevent unemployment; and the tax cut of 1964 provides strong evidence of a willingness to meet this responsibility. During recent decades, recognition of price stability and economic growth as national goals has also become more explicit, and we have made considerable progress toward attaining them. It is therefore only natural that our attention should turn to the other classic economic problem – that of the distribution of income.

Over thirty years ago it was observed in the *Encyclopedia of the Social Sciences* that "an increase in perceived poverty is a phenomenon particularly characteristic of American life during periods of so-called prosperity." Today there is much talk of poverty, but thus far we have not specifically created a national policy with respect to the distribution of income. Indeed, some would argue that the government has no business doing so. But it seems to me that there are some powerful economic, political, and ethical arguments in favor of sharply reducing the number of Americans whose income is so far below the average that they are effectively out of the mainstream of American life.

The economic argument is most cogent if the redistribution of income occurs through raising the productive abilities of the poor. To the extent that the present distribution of income is the result of inadequate opportunities for education and training, the provision of such opportunities would reduce the number of low income families and would raise the Gross National Product. In that event, there would be no absolute decrease for the rest of the population even though their relative share of total income would decline somewhat. Moreover, there would be an offset for the nonpoor in the form of reduced taxes for some of the costs currently associated with poverty.

With respect to politics, it is a fact that the maintenance of political stability in a democracy is a delicate task. Even a dictatorship cannot completely ignore the role of poverty as a fomentor of unrest, although the application of sufficient force can keep the poor suppressed for long periods. In the U. S., with its free press, free institutions, and universal suffrage, poverty unchecked can lead to political trouble. There are external political considerations as well. The U. S. is now competing with the Communist ideology for the allegiance of most of the world's population. If the U. S. economy, in addition to all its prodigious accomplishments, could also substantially reduce income inequality, an important victory would have been achieved in this ideological war.

The ethical considerations are the most difficult to appraise. At bottom the question comes down to this: what is a "fair" distribution of income? Philosophers have been debating this question for cen-

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turies and are still far from agreement. In a "traditional" society, income is largely determined by birth – by the inheritance of caste, titles, land, slaves, etc. In a "centrally directed" society, income is determined by the will of the dictator or central planning board. In a competitive market economy, income is determined primarily by the demand and supply of different types of labor. The ethical basis for the "market" solution is that a man's income should be determined by his contribution to production. If his productivity is very low, his income will be too. The ethical basis is undoubtedly strengthened if all the competitors approach the starting line under approximately equal conditions. This is hardly the case at present. Thus, the ethical case for a "war on poverty" is strengthened to the extent that it is a "war on inequality of opportunity." Equality of opportunity, however, would not eliminate poverty. An affluent society may well choose to subsidize those whose productivity cannot be increased sufficiently to yield a "decent" income measured against contemporary standards.

Questions and answers

There are, to be sure, several questions that can be raised about the proposed definition. First, isn't the figure of one-half the median just as subjective and arbitrary as $3,000? In some ways it is, but there are important differences. It makes no pretense of being objective and therefore is not subject to political manipulation under the guise of "technical budget studies." The selection of the fraction, be it one-half, two-fifths, three-fifths, or some other, would be recognized as a national value judgement and would be arrived at openly through the political process.

A second question arises concerning the use of a single national median for all families. The answer is that in implementing such a measure it would be possible and probably desirable to modify the national standard to take account of family size and composition, place of residence, and other relevant variables. But again, the basic advantages of this approach are unaffected by such modifications.

A third question is whether we need bother with any policy at all – won't the problem of poverty seem less urgent as the median income rises in the years to come, as the consequence of economic growth? The assumption underlying this question is that there are some things that can be identified as "necessities," and that they remain relatively unchanged over time. Recent experience indicates that such an assumption is unwarranted. The median income (in constant dollars) in 1965 was 60 percent higher than in 1947, but there is no evidence that the problem of poverty is regarded as less serious now than twenty years ago. Today's comfort or convenience is yester-

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day's luxury and tomorrow's necessity. In a dynamic society it could hardly be otherwise.

Measuring progress

How shall we measure progress in the war on poverty?

If we define poverty as having much less than everybody else, then we must measure progress by the extent to which we have been able to alter the distribution of income at the lower end of the scale. By this standard, as has already been observed, we have not made any progress at all in the postwar years. This should not come as a great surprise – because we have not had any policies aimed explicitly at this problem.

One reason is that such policies will not be politically easy to implement. It is not difficult to sketch on paper plans for guaranteed jobs, guaranteed income, family allowances, and the like. But how will the 30 percent of the population who are above the poverty line, but below the median, react to such plans? Though radical social thinkers may believe that the working class has a sense of solidarity with the poor, the truth seems to be that it prefers – for understandable reasons – to keep its distance from the poor. Any substantial change in the distribution of income will drastically alter their own position – in a relative sense if not also absolutely – and their reaction may not be favorable.

Moreover, there would have to be a substantial increase in taxes, as shown in the following examples. In 1966, the median family income was approximately $7,300. One half the families in the United States had incomes below, and one half above, this figure. On the very reasonable assumption that the distribution in 1966 was similar to that of recent years, the approximate income range and mean family income for each fifth of the population was as follows:

Table 2

Fifth	*Income Range*	*Mean Income Per Family*
Lowest	Under $3,650	$2,050
Next to lowest	3,650 to 6,300	5,000
Middle	6,300 to 8,400	7,500
Next to highest	8,400 to 11,500	9,700
Highest	Over 11,500	17,300

Let us suppose that we wanted to raise all families up to one half the median (i.e., to $3,650). In the short-run, the only possible way to do this would be by taxation and transfer of income. How much additional taxation would be required?

The above figures show that it would be necessary to raise an

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average of $1,600 ($3,650 minus $2,050) for each family in the lowest fifth. To raise this sum, taxes would have to be increased by an average of $400 per family for all other families in the country. If it were decided that only those families with income above the median should bear the burden, the tax increase per family would be $640.

To be sure, the taxes need not be assessed equally on all families. The present system of taxes in this country results in payments that are roughly proportional to income for most families. If the anti-poverty tax were assessed in the same way, the burden per family would be approximately as follows, depending upon whether the top 80 percent or only the top half paid:

Table 3

	Additional Tax Per Family in Dollars		
Fifth	*If Top 80 Percent Pay*	*If Top 50 Percent Pay*	
Lowest	0	0	
Next to lowest	200	0	
Middle	300	400	(only families
Next to highest	400	500	over median)
Highest	700	900	

Two important qualifications must accompany the above calculations. First, it is possible that if all families were raised to half the median there would be some offsetting savings through lower crime rates, better health, etc. Moreover, it may be that one of the best ways of raising the productive potential of children from poverty areas is to provide their parents with a decent income. If that were true, the distribution of income in the next generation might be such as to require much less taxation and subsidy.

On the other hand, it cannot be denied that the total cost might be much in excess of that shown. This would follow if the guarantee of income up to one half the median lowered the incentive to work on the part of those in the lowest fifth, or of those with incomes only slightly above that level.

One point is clear. There is no costless way to help families out of poverty. If we think the goal is important, we must be prepared to pay the price. Thus far, the public has not been willing to do so. Indeed many of those who have been most vocal about helping the poor have been less than candid about indicating what the price is, or who should pay it. To raise the expectations of the poor, and to give the nonpoor the illusion that something significant is being accomplished when only token action has been undertaken, is to perform a disservice to all.

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The idea of justice and the poor

MARTIN MAYER

At 125th Street and Lenox Avenue, in the heart of Harlem, stands a three-story walk-up office building with wooden stairs and a damp smell. Since 1950 the New York Legal Aid Society has had a branch here, and a large one, about fifteen lawyers in individual cubicles made by wood-and-glass partitions through which one can (but just barely) hear the mutter of voices next door. There is a large reception room with rows of folding chairs, and against one wall a bilingual, English-Spanish receptionist sits at a metal desk. A big air-conditioning duct system hangs incongruously from the pressed-metal ceiling. As people arrive, the receptionist takes some basic data on a card and gives a number and some reading matter: "The attorney will call you *today* any time after registration. You must have patience. Otherwise, if you cannot wait, please come back another day. Thanks."

Most of the people in the folding chairs are glum. A few are reading, a few are whispering to each other; but mostly they just sit, as the poor will in America, not reading, not talking, not sleeping, just sitting. All are poor – Legal Aid societies everywhere restrict their clientele to people whose income is below $60 a week (even as

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low as $45 a week in some places), plus $10 a week for each dependent. And even within this group, the society will reject people with "plaintiff's cases," damage suits which a private lawyer would be prepared to tackle on a contingent fee.

The cases are in one way all different, because the people are different. Legally, they are highly repetitious. Two-fifths are family problems, even though New York's, like most Legal Aid societies, is immensely reluctant to process divorces.

"He's living with another women. . . . ."

"He down in D.C.; he supposed to send thirty dollars a week for the children, but he don't do it, you know . . . He say he got no job, but there's that retirement fund. . . . ."

And on the other side, too:

"She won't let me see the children—it says I'm to see the children, but she won't let me. . . ."

"It's six years I been livin' with somebody else, we never got no divorce, now my older kid's ready for school, I want him legitimate. She don't know I got kids now; she always wanted kids and we never had 'em, and I been scared to tell her. . . ."

Second in importance are landlord-and-tenant complaints, where the persistence of the rent-control laws in New York give Legal Aid a handle that does not exist elsewhere. If the cause of the eviction is nonpayment of rent, payment of the rent plus $4.50 costs for the eviction notice automatically puts a stop to the action. If the landlord argues that the tenant is for some reason undesirable (dirties up the halls, peddles dope, fights with the neighbors, etc.), the case must in theory be proved in court (in fact, because courts can consider only the evidence before them and the tenant doesn't show up, the landlord's uncontested statement is often proof enough). New York has also broken with the old pattern of landlord-and-tenant law by which a landlord's violations of a lease could be effectively protested only by court action — that is, the tenant owed the rent whether or not the place was habitable, and could put pressure on the landlord only by taking him to law. Now a group of tenants can "strike," paying their rent to a court rather than to a landlord, building a fund which the landlord can be forced to spend on repairs. Such "rent strikes," however, turn out to be heartbreakingly difficult to organize and sustain.

In Washington, by contrast, says Julian Dugas, who runs that city's Neighborhood Legal Services Project, "people are tenants by sufferance. Landlord can put a padlock on the door, take over a person's goods, there isn't much she can do about it." Elsewhere, significantly, matters may be better not because the law is better but because its administration is more humane. "In nonpayment of rent," says Theodore Wadleigh, Jr., the one-man volunteer Legal

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Aid office of Manchester, New Hampshire, "the landlord has to give notice the length of the renting period, usually a week; then they give a landlord-and-tenant writ, and in another week there's a hearing. But the district court will look for all the technicalities of law, try to throw out the writ. And the sheriff is good about it – as a practical matter, he won't move people out. Or he'll wait till he has two eviction notices, and he'll switch the tenants."

Swindles and fraud

Quite apart form its notorious impersonality, New York has problems in these areas that other places don't have. All evictions begin with the filing of an application in a court (often by the landlord himself, following formulas drawn up by the lawyer for the real-estate owners' association), and the tenant must then be notified to appear and defend himself. The requirement in New York is "nail and mail" – one copy of the notice must be nailed to the door and another mailed to the occupant. The person who nails to the door is a city marshal, a political appointee whose income derives from the fees he is paid for this and similar jobs. As an official, he carries authority when he says he nailed the notice to the door; but much of the time he didn't do it, partly because it is easier to make money when you collect fees for work you haven't done, partly because the nailing of eviction notices to doors in some parts of New York City is dangerous work for which people would be entitled to more money than marshals actually receive. The jargon for what the marshal does is "sewer service" – the notice is thrown down the sewer. By the time the tenant shows up at Legal Aid, a few days later, having received a mysterious notice in the mail, a dispossess order may have been issued. The Legal Aid lawyer can usually get a quick "order to show cause," which gives a day's delay and may reopen the case. But the job is not made any easier by the tendency of the tenants in the slums to fear and secrete official-looking pieces of paper.

Next on the case list in New York – and ahead of housing in many cities, where installment buying is less well regulated – is the consumer problem. Here the evils of sewer service are compounded. The ritual is that a finance company sends an employee or a lawyer (one lawyer handles a quarter of all this work in Brooklyn) to file in court a complaint against somebody who hasn't paid. The complaint calls for an answer in court by a certain day, and must be served by a process server. On that day the complainant or his lawyer turns up with an affidavit from the process server to say the document was handed to the defendant. (Sometimes the affidavit is quite demonstrably false: in a recent case in Manhattan, the process server swore to a story of ringing the bell, identifying the defendant

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and handing him the paper, when the defendant was in fact in jail.) If the defandant has made no answer to the complaint, judgment for the plaintiff is entered by default.

A study made by the pioneer poverty agency, Mobilization For Youth, found that only a third of the defendants were ever notified of the action at all. (Though there is no doubt the practice is routine, MFY's percentages are suspect, because the investigators could find only thirty of the three hundred people they chose from court records as their sample; and a statement by a defendant that he was never served may not be quite such objective and indubitable evidence as the Mobilization analysts assume.) Cheating does not end there. The marshal, upon receipt of a copy of the judgment, is supposed to go to the debtor's home and seize sufficient assets to pay the debt; and only on the marshal's affidavit that the home doesn't have the assets is the creditor allowed to attach, or "garnishee" the debtor's wages. In the MFY sample, twenty-two of the thirty had wound up in this position, their employers ordered by a court to deduct debt payments from wages, and seventeen of them said that this announcement from the boss was the first they knew there was any legal action against them. (The director of this study, the sociologist David Caplovitz, has written elsewhere that "garnishee... may well be one word in the language that the poorly educated are more likely to know than the better educated.") The final horror of this situation until 1966 was that many employers (including charitable enterprises, like, say, the YMCA) would automatically fire anybody whose wages were garnisheed. Now a state law prohibits dismissal for a first garnishment of wages.

The institutional structure invites fraud. Sellers under an installment plan do not themselves advance the money to the purchaser. Instead, they sell the contract to a finance company; the goods are now paid for from the merchant's point of view, and he removes himself from the picture if he can. Usually, he can. The finance company now owns a "chattel mortgage" on what the customer bought – plus, in effect, a mortgage on everything else the customer owns, and on his future earnings. If the goods are damaged, or not as promised, the customer may have a legal action against the seller– but he has to keep paying off to the finance company, anyway. And, of course, he can't afford the legal action. While law limits the interest rates that can be charged, nothing limits the price of the merchandise. In slum areas much of the selling is done by door-to-door peddlers almost as poor as their customers, who in effect place yet another layer of legal shielding around the actual supplier of the goods.

Both price and quality problems are common in furniture purchases (the merchandise delivered to the customer is not what she

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saw in the store), in television sets (reconditioned older receivers are sold as new), in hi-fi equipment, in food freezer plans and, most pathetically, in the sets of encyclopedias, programmed instruction, books of "Negro heritage" and so forth which ignorant poor people buy in hopes that their children will have chances they didn't have. Major appliances and automobiles are standard brands, but prices will be inflated; and here repossession will pay off for the finance company, because the merchandise is resalable, so the victim may be and often is left with no car or washing machine, but with payments still due under the installment contract, to make up the difference between the debt and the resale price.

Every Legal Aid society has its favorite criminal swindles to report. In Albuquerque, where the Legal Aid office is run by Mrs. Mary Dunlop, who resigned as judge of the small-claims court to take the job ("I don't care if it's impossible; we'll try it anyway"), a traveling salesmen went through the Negro community selling "the right to be buried" (*not* burial plots) in a certain cemetery. "The salesman," Mrs. Dunlop recalls, "generously threw in the down payments. Then the contracts were discounted to the First National Bank, and the people got due books from the bank – 'Thank you for this business; please make your payments.' We won that one."

For the rest, the Legal Aid cases are thoroughly miscellaneous. There is, for example, the aging but immensely vigorous Puerto Rican lady who wants the government to send her the allotment checks from her son which she was entitled to during the Korean War, and never got. The usual game of Twenty Questions reveals that she doesn't know where her son is now ("somewhere in Puerto Rico"), that the Red Cross has already checked the matter out for her and reported that he had ordered his allotment check transferred to a girl who had borne his child ("that whore"), and that it was properly paid to her. There are the people who co-signed notes for "friends," thinking they were merely giving a reference. Particularly in New York, there are immigration cases. There is, of course, a great bulk of criminal work. Every once in a while, someone comes in to ask a Legal Aid office to check up on the lawyer who has been handling his or her negligence action and who has, according to local rumor, settled the case without sending on the money.

"You have to make decisions on the merits of it," says Mortimer Getzels, director of the Harlem office. "Sometimes we can make a fast judgment, sometimes we have to suspend judgment, sometimes we just muddle around in doubt. Does he have a cause of action? Can you trust him? The sad thing is the person who's so disturbed you can't tell." Then, finally, there are the litigious poor: "It's a kind of mania, the people who want to use the society to persecute other people." There are more of those than most commentators seem to realize.

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Like any law office, the Legal Aid societies must take great quantities of time in "Mickey Mouse," the keeping up with dockets, waiting around courtrooms, writing memos, convincing people there's nothing a lawyer can do for them, processing forms through the offices of the judges' clerks. And, again, like any law office, the Legal Aid societies when they actually can do something work primarily by negotiating for their clients. But, unlike other law offices, they must put an inordinate amount of time into an intake process, simply talking with great numbers of people whom a lawyer can't help. Of the fifty thousand-odd civil cases that the New York Legal Aid Society processed in 1965, nearly three-quarters involved a single visit. Most of the time there is simply nothing to be done – no fraud, no overreaching, just wretched bad judgment by the prospective client. "Perhaps we shall find at times," Benjamin Cardozo once wrote, "that when talking about justice, the quality we have in mind is charity."

II

In 1948 a survey by the Iowa Bar Association showed that 76 percent of the population of the state did not know there was such a thing as legal aid. "The fundamental defect in legal aid service today," Raynor Gardiner, then general counsel of the Boston Legal Aid Society, wrote in 1952, "is that, from a national point of view, it hardly exists. It is true that nearly all of the larger cities in this country have legal aid organizations, good, bad and indifferent, but the great majority of our citizens have no access to legal aid and to pretend anything else is just pompous nonsense."

Gardiner was commenting on Emery R. Brownell's report, *Legal Aid in the United States.* Ten years later, Brownell in a *Supplement* announced that expenditures on legal aid had tripled over the decade, and that of 196 metropolitan areas with populations of more than 100,000, only 12 were without Legal Aid offices and only 23 of the others had offices inadequate by the rather minimal standards of the National Legal Aid and Defender Association. In 1965, four years after Brownell's *Supplement*, Mary Tarcher of the New York Legal Aid Society estimated that expenditures had doubled again, and that legal aid commanded the services of a thousand lawyers and spent $10 million a year on their offices. Yet Gardiner's criticism had been at most blunted, not denied. Private facilities for supplying legal aid continued to be inadequate.

The office sponsored by the bar had never been the only device for providing legal service to indigents. For criminal matters public defender offices have been run on tax revenues in California for the better part of this century, and at the time of Brownell's supplement there were four *civil* Legal Aid offices, with paid staffs, on municipal budgets (in Dallas, Kansas City, and Bridgeport and New Haven,

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Connecticut). In six other cities (Chicago; Erie, Pennsylvania; Jackson, Mississippi; Lansing, Michigan; Richmond, Virginia; and St. Paul, Minnesota) legal services were given, as they had been in the early years of the movement, as part of the work of private social agencies. And in every large city, of course, there are political clubs which offer some minimum (but not necessarily ineffective) legal services on a charitable basis.

The start of a new pattern "of neighborhood law offices," which has now achieved a budget of nearly $34 million a year in the federal antipoverty program, can be traced to the Ford Foundation's imaginative efforts in New Haven in the early 1960s. Among those to whom the foundation and the local sponsors showed the plans for their new Community Progress, Inc. (CPI) was Professor Joseph Goldstein of the Yale Law School. "Joe looked over these descriptions of what a 'community school' and a community action program should be like," says Fred Danforth, now director of the New Haven Legal Assistance Association, "and he wrote the word 'lawyers' in a few places." When CPI was formed in 1962, there were lawyers in the "community schools," ready to help. The CPI legal services program (though a near disaster itself) became a model for similar operations in Boston, Washington and New York's Lower East Side; and plans for law offices were built into the Office of Economic Opportunity's community action proposals almost from the beginning.

Now that money was to be made available by the government, the Legal Aid societies came under attack from both right and left. The right disapproved of the idea of a bureau with employees who would receive the entire appropriation: it wanted "Judicare," under which poor people would pick their own lawyers (as they pick their own doctors under Medicare) and the government would simply pay the lawyers' bills. This procedure would also minimize the profession's losses if legal aid took over the processing of personal-injury cases. Only one such program was set up, in rural Wisconsin (similar procedures are in effect at one of New Haven's neighborhood offices), and the report on its first months indicated that more than four-fifths of the cases paid for by government funds had been divorce actions — a result profoundly disapproved in Washington, because such actions could not "get at the legal causes of poverty."

Critics on the left

Criticism from the left was more significant and influential, and though most of the OEO's legal services money eventually went to established Legal Aid societies, a fair fraction was used to fund new, essentially competitive organizations. Some of the criticism was specific, directed at the societies' refusal to handle matters like bank-

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ruptcy and divorce ("My secretary," Albuquerque's Mary Dunlop reports, "says that we don't handle divorces unless she's bleeding on the floor.") Most of it, however, was more theoretical, blending with the sociological arguments underlying the policies if not always the practices of OEO.

As stated by Jerome Carlin and Jan Howard of the Center for the Study of Law and Society at the University of California, the serious objections by the left fall into three basic categories:

1. The Legal Aid offices are too closely related to the local Establishment: "[F]inancial dependence on local business interests that may be threatened by effective legal action on behalf of the poor client is a major structural weakness of the Legal Aid system that seriously undermines its capacity to provide adequate legal representation."

2. By concentrating on service to individuals, in their relations with other private parties or businesses, the Legal Aid societies lose their most significant opportunity to serve the poor and change the structure of society – they do not see themselves, for example, as the organizers of rent strikes or the reformers of administrative procedures in the welfare department or the housing authority. In the hands of the Legal Aid societies, as the Mobilization For Youth proposal to the poverty program put it, "poor man's law was peculiarly defensive."

Another aspect of this problem is the usual location of the Legal Aid office somewhere near the courthouse, which saves a lot of time for the lawyer or lawyers but requires poor people (by definition fearful of and hostile to all parts of the city other than their own neighborhood) to travel considerable distances. Nearly all the projects funded to date by OEO have been "neighborhood law offices," and originally most of them were slum store fronts, on the theory that people who saw the door at street level would walk in on impulse. This doesn't happen – more than 90 percent of the cases handled by these offices turn out to be referrals of one sort or another – and as the program ages, the offices tend to move to the lower rents upstairs.

3. "One of the principle drawbacks of the Legal Aid system is its welfare orientation. This tends to undermine the very awareness of rights and capacity for asserting rights that is so crucial for overcoming apathy and promoting full participation in the legal order. It also seems to discourage a legal approach to problems. If we are to encourage the dignity and full enfranchisement of the poor, legal services must be provided them as a matter of right."

On a more technical level, critics of no particular political persuasion were unhappy about the isolated situation of legal aid – its lack of relationship to other social agencies. Charles J. Parker, a

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matter-of-fact New Haven lawyer who was chairman of the Municipal Legal Aid Committee when CPI was first bruited about, and took the lead in setting up its legal component, remembers "a hope that these lawyers would be more than lawyers – that instead of treating superficial legal problems they would be an entree into multiproblem families. Take an individual from a family living more or less together – he has civil and criminal problems. You settle with his creditors for two cents on the dollar, and get him suspended sentences on the criminal charges. Then you, full of satisfaction as a lawyer, go away – and the family comes back next year. What have you done?" Legal aid had to work that way: the law office that was part of a community-action program could be more effective. Parker's approach, of course, intensifies the left-wing objection to legal aid by proposing an even stronger welfare orientation for the new offices.

In the central question of philosophy, however, all the opponents and all the supporters of legal aid were as one: they agreed that The Law itself was fundamentally "just"– did not, could not in its majesty, discriminate against the poor. The problem, apart from legislative errors here and there, was simply that the poor had insufficient access to the lawyers who alone could make the law work on their behalf. As William R. Vance of Yale said in 1926, "What does it profit a poor and ignorant man that he is equal to his strong antagonist before the law if there is no one to inform him what the law is?" Provide what Columbia's Maurice Rosenberg has rather nastily called "cradle-to-grave counsel" and the oppression of the poor would cease.

III

At this writing, only four of the new poverty program legal projects have been around long enough to have a history – Boston, New Haven, New York and Washington. All have discovered that whatever legal aid's weaknesses might be, the neighborhood law offices shared them. The new lawyers could do no more than the old ones to help the poor in most landlord-and-tenant, consumer and criminal cases. Where the fact of representation by itself might persuade a finance company or a shoddy landlord that some fundamentally dishonest matter should be dropped (the Mobilization For Youth offices in New York virtually put an encyclopedia-peddling group out of business by persuading finance companies not to sue on the basis of its contracts, and thus not to discount such paper in the future), the new offices did as well as legal aid; where actual questions of law were involved, the poor were stuck. As a Legal Aid lawyer told the New York *Times*, "We have no law on our side; all we have is *chutzpah*."

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(The one exception – perhaps a very significant one – was the success of Washington's Neighborhood Legal Services Project in voiding an installment contract on the grounds that the arrangement was "unconscionable." This decision did not break new ground [a similar argument had been used successfully by a private lawyer in New Hampshire shortly before], but it did lift the one available precedent out of the freak category. In essence, the Washington and New Hampshire courts ruled that finance companies which wanted to collect through legal process would have to investigate the sales that created the pieces of paper they discounted. Such a rule, if it became general, would be one of the most significant pieces of social invention in the last generation; it would in effect compel the financial institutions to police the retailing business, which they would do much more effectively than any Legal Aid Society or consumer frauds division in any district attorney's office.)

With success stories hard to come by in the private sector, the poverty program law offices have concentrated their work on the representation of people who are entangled in one way or another with government agencies. "The Board of Education, Housing, Welfare, Social Security, Unemployment Compensation," says Harold J. Rothwax, an aggressive but tough-minded young lawyer who came over from the criminal branch of Legal Aid to run the Mobilization For Youth office, "touch the poor much more closely than the courts do." As resourceful middle-class people know from their enraged frustrations over traffic tickets, no citizen has really satisfying remedies when public officials use discretion against him; and the poor man is that much more defenseless.

Some of the assistance lawyers can give people in these relationships is simply advisory. "People come in who just operate in an area of what I call no-knowledge," says Henry Jones, who runs one of the Washington neighborhood offices, working at a desk under the stairway in a windowless hall that paint alone cannot clean, on the ground floor of a tenement. "They just don't know where to go or what to do. They're people whose jobs have ended, but they haven't applied for unemployment insurance because they lost the Social Security card. They're eligible for veterans' pensions and they don't know it. Much of what we do is legal only in a collateral sense; we're directing people where to go."

More often, the neighborhood offices have put themselves in adversary positions against the public agencies. "We represented this girl who was expelled from school because she was pregnant, three weeks before graduation," says Julian Dugas of the Washington project, "and she was married, too. They took her back." All the neighborhood offices have had substantial success in restoring welfare clients to the rolls after they (and their children) had been

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removed because an investigator, poking around outside the window with a flashlight at two in the morning, found a man in the house. (The theory is that any man in the house, husband or not, could be contributing to the lady's support, thereby relieving the taxpayers. In Arkansas and Georgia the state authorities have blandly announced a rule of constructive adoption – that any man living with a woman was automatically a "substitute father" for her children, who thereby didn't need public assistance any more.) Other offices have got unemployment insurance restored to clients who had been denied it because former employers said, without evidence, that they had been fired for drunkenness or dishonesty.

Housing situations have been harder. "Every public housing authority has a month-to-month arrangement," says Edward Sparer, an ardent, round young man in horn-rimmed glasses who founded the MFY office and is now director of a Center for Social Welfare Policy and Law in the Columbia School of Social Work. "It can evict on thirty days' notice, without explanation. We claim a public housing tenant has a right to know why he is being evicted, and a right to a hearing. One of the lease provisions requires a tenant who has an illegitimate child to, one, notify the authority; and, two, get out. We claim that violates the equal protection clause."

Where welfare clients are involved, just getting them to accept a lawyer's help can be difficult; they feel that they desperately need the goodwill of the agency. A 1962 report to a state commission investigating public welfare in New York described the process of establishing one's suitability as a recipient of public moneys: "An applicant becomes eligible for assistance when he exhausts his money, gives a lien of his property to the welfare department, turns in the license plates of his car and takes legal action against his legally responsible relatives. When he is stripped of all material resources, when he 'proves' his dependency, then and then only is he eligible." Even then, eligibility is easily lost. Most welfare authorities forbid clients to have a telephone, or a typewriter, or anything that might give evidence that public money is being spent "unwisely." If anyone in the household chances to make some money – if a boy picks up a few dollars delivering groceries – the proceeds are supposed to be reported and deducted from benefits. Investigators have almost unlimited power (slightly checked recently by the Supreme Court) to enter the home at any time and search for fancy lingerie or liquor. "This process of proving and maintaining eligibility," as the report to the New York commission put it, ". . . tends to produce a self-perpetuating system of dependency and dehumanization."

The intrusion of a lawyer into such a relationship unquestionably makes an enormous difference to the attitudes of both the welfare client and the welfare department. An application for a "fair hear-

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ing" on a decision against a client is often enough to get the decision reversed. (Similarly, just the presence of a civil rights lawyer in a Southern town, even if he isn't admitted to practice in the local courts, will improve the behavior of the sheriff's deputies.) What discourages the lawyers is that, while they win the individual cases, they do not normally change the agency's policies or its climate. "[H]earing decisions," Sparer added in a footnote to his optimistic report to a 1964 conference sponsored by the Department of Health, Education and Welfare, "do not always have the precedent effect they should." Rothwax, two years later, put the matter more strongly: "Test cases don't accomplish a hell of a lot. The administrative agencies will buy us out— give us what we're asking for, moot us out of court. And if we win a policy change, it may not do any good because the rulings are given grudgingly and can always be distinguished."

The hostility of neighborhood legal service offices to the public agencies set up to help the poor often comes as a shock to politicians — and to social workers. And there is indeed more than a little irrationality in the attitude of the Sparers, that the real enemies of the destitute are the public authorities that feed, house, clothe and educate them. But it is also true that this is precisely the context (replying to a correspondent who had urged that the King and the Pope should be presumed to mean well) in which Lord Acton uttered his axiom that power tends to corrupt and absolute power corrupts absolutely. The welfare authorities have far too much unsupervised power over their clients' lives. In theory, at least, a lawyer can give the poor recipient a dollop of countervailing force against the awesome authority of the agency. It is worth noting in passing that the necessity for this sort of service has risen with the decline of the urban political machine; much of what the neighborhood law offices actually do for poor clients in their relations with City Hall is just what the ward heeler used to do for the immigrants. The elimination of corruption from government and the magnification of bureaucratic cruelty are often — perhaps inevitably — two sides of the same coin.

Ultimately, there are limits on what lawyers can accomplish. Administrative agencies are established to exercise discretion, to make rules where the legislatures (and the courts) feel themselves without the requisite experience or expertise. And wherever discretion is permitted, those it is exercised against will be sure the decision is arbitrary (remember the traffic ticket). Some intrusion upon the dignity of the recipients, moreover, is inherent in the very notion of public assistance. Wolfgang Friedmann of Columbia has written, "It is, in many ways, easier for the 'negative' State (which confines itself essentially to the minimum functions of defence, police and the

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machinery of justice) to be just to the individual – at the expense of active concern for his social and economic welfare. Such active concern means of necessity interference." Friedmann adds, "On balance, such interference is beneficial; otherwise it would not have been adopted by one State after another during the present century."

IV

Unfortunately, the advocates of vastly extended legal services for the poor become trapped in a rhetoric of "rights," most of which is inapplicable to the problem. Carlin and Howard, for example, cite as evidence that "lower-income families have little understanding of their legal rights or of how to exercise them" the following passage from Caplovitz:

"Many consumers have almost no idea of the complex set of legal conditions embodied in the contracts they sign. The penalties that can be brought to bear on them, such as the loss of possessions already paid for, the payment of interest on money owed, the payment of lawyer and court fees, are matters that some families become rudely aware of only when – for whatever reason – they miss their payments."

But there are no rights for the poor in this passage, just liabilities. Indeed, what Caplovitz's book buttresses is not the argument that the poor are systematically deprived of rights but the "assumption," which Professor (now Judge) Marvin Frankel of New York denounced as the cardinal weakness of the Legal Aid attitude, "that poor people are afflicted with special forms of stupidity or fecklessness to which the affluent are immune." Nobody really argues, of course, that any social class is immune to stupidity. A New Hampshire lawyer likes to tell a story of a middle-class widow lady who put a down payment on a house by mail, closed her deal after a visit during which a truck delivered huge bottles of spring water, and then tried to get her money back because the well was no good; when the lawyer asked her if she hadn't suspected something fishy after the arrival of the spring water, she said, "They told me it made better Kool-Aid." The lawyer comments, "Such people don't need a lawyer; they need a guardian." Statistically, though, the poor *are* more likely to behave stupidly in the marketplace – that's what we mean, ultimately, when we use the word "ignorance." Legal Aid's attitudes, which are not quite so shabby as Judge Frankel implies, derive from experience, an experience soon shared by the lawyers in the neighborhood offices. "Most consumer matters are not fraud," says Washington's Henry Jones glumly. "They're a lack of intelligence, a lack of a sense of proportion in buying." Observing from afar and wanting to help, the professors denounce a deprivation of "rights."

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The false emphasis on "rights," which is merely self-confusing in the private sector, becomes a handicap to rational planning when the OEO-sponsored lawyers come to deal with the public agencies. Led by Professor Charles Reich of Yale, they tend to assert that the poor have "rights" in public assistance, and that the goal must be recognition of these rights. "Only by making such benefits into rights," Reich argues, "can the welfare state achieve its goal of providing a secure minimum basis for individual well-being and dignity." Professor Harry W. Jones of Columbia, in an earlier and more carefully reasoned paper, has said that "I see no reason why the word 'rights' with its unique emotive power, should be deemed inappropriate for these new expectations and preempted for use only in connection with such traditional interests as tangible property." But Jones was talking about Social Security and unemployment compensation, where the recipients have made a contribution to a fund which is supported by such contributions rather than by the general revenue. Such a fund, governmental or otherwise, can be compelled by court order to pay out to a claimant. What a court cannot do is compel a legislature to appropriate money. Sometimes the prohibition is specifically stated – Congress has, for example, forbidden judicial review of denials of benefits by the Veterans Administration. But it is always true in general that courts can grant welfare benefits to applicants only within the terms of the law passed by the legislature; it cannot award them any natural-law "rights" the legislature has not seen fit to establish.

Edward Sparer has insisted (successfully, in individual cases) that welfare departments may not violate a person's natural-law "rights" even at the fairly plain behest of the state law under which they operate. The 1961 New York legislature voted to forbid welfare payments to people who had come to the state for the purpose of obtaining such payments, and in the first ten months that the law was in effect some 2,730 persons were denied aid. "I talked with Ed Carr," Sparer says, "and he said, 'Well, that's the law.' Legal Aid had discussed the problem with Welfare, and had concluded that the law was being fairly applied. But they were presuming that if you came without a job or visible means of support you automatically had to have come to get welfare."

Sparer and the social workers (including the then Commissioner of Welfare in New York City) were convinced that nobody did in fact come to New York for the *sole* purpose of receiving welfare, and that this was the only proper interpretation of the law. (A lady with four small children and no possible income who came to New York to be near her sister, herself with four small children and living on welfare, could be said to have come for family reasons, not to get welfare.) What they were demanding, in effect, was that the welfare

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department rule administratively that the legislature had deliberately passed a nullity – and that any other ruling would violate applicants' "*right* to entitlement." With the help of a sympathetic commissioner, the argument was won in all the individual cases where lawyers appealed within the department. But the policy, of course, did not – could not – change. Administrative discretion does not extend that far.

Some unasked questions

What the argument of rights ignores in all contexts is the question of the social policy which presumably the law is to serve; there is not much point in encouraging "the legal approach to problems" if the problems are not legal. In the private area, emphasis on rights has kept the theoreticians of the movement from exploring the economic realities of the present situation and the best directions to follow in seeking a less unfair result. The fundamental question, to which no one knows the answers, is whether today's slumlords, retailers and finance companies, apart from the dramatic but relatively infrequent cases of fraud, are in fact making heavy profits from the higher payments of the poor. The Mobilization For Youth study of judgment debtors may be more significant for its failure to locate 270 of the 300 in the sample than for its revelation that 22 of the 30 actual respondents say they were never served with papers. How many of these 270 missing debtors had, in fact, paid what they owed? To what extent are the high interest rates and prices paid by the poor as a class a reflection of the fact that the risks of making such loans are high? And if the result of randomly tightening the legal procedures in this market were to deprive the poor of the chance to buy television sets and washing machines on the installment plan, would poor people be happier?

Similarly, in housing it is vital to document the costs of providing slum housing before adding to them with legal harassments. (Mobilization For Youth has noted with sardonic pleasure that its neighborhood law office is well regarded by local lawyers, because it has forced landlords to hire lawyers of their own – but if the profits of the enterprise are not high enough to absorb such added costs of legal representation, then the poor will simply have to pay more rent so their landlords can fight back.) To deprive a landlord of the opportunity to evict the really undesirable tenant (the prostitute, the drug-supply house, the gang headquarters) doesn't help the other tenants in the building. Decent housing for the poor requires major government subsidy, but does it really hasten government subsidy to drive out the better landlords (always the people reached first by any campaign) and keep out (because the atmosphere is uncomfortably heavy with conflict) people who might be prepared to invest private money in the slums?

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Urging a new program of essentially confiscatory fines as the only way to "enforce" a housing code, Judah Gribetz and Frank P. Grad admitted in the *Columbia Law Review* in 1966 that "one of the results of firm code enforcement . . . is that the cities will become the landlords of a great mass of uneconomical, deteriorated buildings. . . . A government that has dared to speak of the coming of a great society must, indeed, accept these consequences." But surely if slum landlords are to be expropriated, the decision should be made openly; and if the government is to increase greatly its appropriations for housing, the money should be voted in pursuance of public policy, not merely as a grubby consequence of "enforcing" laws which defendants admittedly cannot comply with. Few observers today give housing anything like first priority on the funds available for improving the conditions of the poor; nearly everyone would place higher value on the creation of jobs, education and training for jobs, and improvements in health and diet. Of the three possible results of the proposed "enforcement" program – greatly increased public appropriations for welfare, diversion of money from other purposes to housing, or establishment of municipal government itself as the slumlord with the most violations – the first is by no means the most likely outcome, and neither is the second.

Such questions have not even been asked – let alone answered – by the leaders of the OEO legal services programs. They are lawyers: they want to assert "rights." But rights, like everything else, can be very expensive for poor people. If the lawyers keep the school system from discharging the boy who knifed a classmate (because the law requires the public schools to provide education for all, there is no other facility where the boy can be placed, and the juvenile court has released him on probation), it is the poor children in the slum neighborhood and not the offspring of Mr. Moneybags who suffer the terror of his next attack. To make divorce free and easy does not necessarily contribute to the welfare of the children, and the results of encouraging personal bankruptcy can be seen in those Western states were ridiculous garnishment laws leave the poor no other way out of their problems. (In Oregon, which leads the nation with more than 200 bankruptcies a year for every 100,000 of the population, a creditor could before 1965 attach *all* a debtor's wages, and can now take half; in New York, where only 10 percent can be attached, there are only 31 bankruptcies per 100,000; and in Florida, North Carolina, Pennsylvania and Texas, where wages cannot be garnisheed, the figure is ten or lower.) Lenders cluster around those emerging from bankruptcy court, who have been stripped of their marketable possessions, are eager to replace the lost car and TV set, and have become somewhat safer risks because they cannot escape again through bankruptcy for six years. "The unscrupulous loan

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company or furniture dealer whose debt supposedly was discharged in bankruptcy," two University of Chicago law students wrote in 1966 in an article entitled "Schlockmeister's Jubilee: Bankruptcy for the Poor," "will approach the bankrupt to urge him to reaffirm his old debts in return for a renewal of credit. . . . In no time the creditor has the bankrupt back in debt with the additional advantage of having a six-year period in which to collect."

The disabilities of the poor are not fundamentally legal disabilities; the law problem is simply one of the bumps in the pie plate: push it down here and it comes up somewhere else. What the poor really require is not greater involvement with that corner of the law that might be construed as "on their side," but less involvement with the law altogether. As former Attorney General Nicholas deB. Katzenbach put it, "For rights to be worth anything, they must be honored – without lawyers." Institutional structures which promote decent behavior by merchants (like a requirement that the finance companies police their loans) or by landlords (a bonus for the provision of decent facilities rather than a penalty for code violations) or administrative agencies (some semi-independent investigatory branch like the Scandinavian Ombundsman, to take care of citizen complaints) – social inventions that provide earned income for people now apparently unemployable – such ventures will offer much more than any number of lawyers to the well-being of the poor. By concentrating on paper rights, as Geoffrey Hazard of the American Bar Foundation has warned, "the neighborhood law offices may be sweeping under the rug the public recognition of real conflicts in social policy."

On the scene, of course, despite their theoreticians, the lawyers in the OEO-sponsored neighborhood offices mostly dispense legal aid, fighting a little more with the public agencies than the old Legal Aid offices did, but basically performing the same functions. Sometimes, as demonstrated by the success of the Washington office in preventing collection by a finance company on a note which grew out of an "unconscionable sale," they may win a victory of significance wider than the individual case. Even the rhetoric of rights can contribute on occasion to the more fundamental improvements lawyers are ill-trained to consider. And like the private Legal Aid societies, the OEO offices may demonstrate to the legislatures the need for new law of the kind that only legislatures can make.

V

By and large, unfortunately, the foundations and OEO have not been content to see the lawyers they pay doing what lawyers can do. Among the first results of their insistence that the neighborhood law offices must be used to change the social system was the refusal of the

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New York courts to permit the OEO program to get started at all in that city. A new application is pending at this writing.

The first proposals for neighborhood law offices were negotiated between the city's lawyers and the new OEO "poverty corporations" over a long, hard year. The lawyers themselves were by no means united; the Wall Street firms were almost unanimously for the program, while the lawyers who actually drew some business from poor people were against it; the Bronx and Brooklyn bar associations were particularly bitter about any extension of free legal services. The city's Negro and Puerto Rican lawyers were also mostly opposed to anything but a "judicare" plan, but their opposition was psychologically difficult for them to maintain, and was eventually compromised through an arrangement where newly formed "Harlem," "Bedford-Stuyvesant" and "Puerto Rican" bar associations would receive a disproportionate voice in the management of the new legal assistance corporation.

What the various bar associations finally agreed on were neighborhood services to be run mostly by the Legal Aid Society, with supplementary services run by the neighborhood poverty corporations. OEO rejected this agreement because it failed to assure "maximum participation of the poor," and substituted a remarkable organizational monster of contracting and subcontracting legal-service corporations, open-ended in that new groups could get grants to start their own services at any time. To function in New York State, however, the corporation required a license from the Appellate Division, and in November, 1966, the First Department unanimously refused to issue any such license. The opinion by Judge Charles Breitel (presently to be elevated to the state's highest court) criticized the OEO proposal from many viewpoints, and was especially severe on its "indiscriminate mingling of social goals and legitimate legal practices."

Considering how busy these judges are, it was an astonishingly well-informed opinion. For among the most serious dangers to the growth and effectiveness of poverty-program law offices will be, bluntly, the contrast between the morality of the politically active and the morality of the rest of the world.

Among the most severe criticism of the Legal Aid societies by the doctrinaires of the poverty program was that Legal Aid insisted on examining the merits of its clients' cases in situations where a private lawyer might gladly proceed for a rich man who could pay his fee. The new offices would do for the poor whatever a lawyer would do for the rich. As Professor Frankel put it, "If there is any fixed principle of equal justice, it is that 'rights' for the well-to-do must not be alchemized into mere 'privileges' for the poor." But the cost factor which dissuades a man from suing his neighbor over a

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petty quarrel – and keeps common criminals from exploiting the full resources of evasion available to Jimmy Hoffa after conviction – will not exist in the neighborhood law offices. It is sound public policy to make litigation expensive for the considerable numbers of people who would selfishly assert what lawyers used to call every jot and tittle of their rights. "We lawyers know well," Pollock once wrote, "and may find high authority for it if required, that life would be intolerable if every man insisted on his legal rights to the full."

Because a rich man may be able to find a lawyer who will help him press unfair charges against public servants does not mean everybody must enjoy such luxuries. "Genuine grievances do indeed exist," Columbia's Walter Gellhorn wrote in 1966 about the experience of the European Ombundsmen and official administrative critics, "but they are far outnumbered by complaints by the chronically querulous, the psychopathically hostile, and the simply mistaken. Only when sober sifting has been undertaken can proper attention be paid to the truly aggrieved and, at the same time, proper support be given to those who truly serve." By criticizing Legal Aid's insistence on investigating its cases, and by demanding that the new offices identify with what one of the applications to the New York Appellate Division called "the consumers of injustice," some of the leaders of the OEO legal-services program have equated themselves with the unscrupulous private mouthpieces whose distortions of legal process have been the scandal of the profession.

Unless carefully supervised, some of the lawyers in the OEO offices will use the compulsory processes of law not for their clients but to express their own compulsions, to "punish" a society they regard as corrupt, from which they feel alienated. They are especially subject to the deformation Charles P. Curtis once warned against: "Lawyers' cases are devoted to particular events. When they start thinking that they are dealing only with the properties of these events, they lose touch, they take their eyes off the ball, they start making gestures. They could do no worse."

New Haven's own original legal-assistance project was almost wrecked at its inception by "making gestures" – indeed, it was only by transferring the neighborhood legal services from the umbrella of Community Progress, Inc., to control by a separate board of corporate lawyers that the program was saved at all, and even then the New Haven County Bar Association voted to disapprove the project. Two descriptions of the incident that triggered the crisis make an illuminating contrast:

The first is from the chairman of the legal-assistance program: "One of the neighborhood lawyers was consulted by a woman whose son was charged with rape of a white nurse. At her request, the lawyer agreed to assist the public defender in the preparation and

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trial of the case. At the trial, the claim of consent was raised by way of defense based on evidence which was rather unsubstantial. This shocked the court and the community."

The second is by the lady lawyer who ran the defense:

"Neighborhood groups reacted with hostility to [my] participation in the defense of a Negro charged with the rape of a white woman. The Negro community was deeply ashamed and mortified by the prosecution, viewing it as a confirmation of the stereotypes which they themselves had internalized. Members of the community were brought, only by degrees, to understand in some measure the meaning of the presumption of innocence and the right of every accused person to a vigorous defense. At last the willingness of a lawyer to champion the cause of the accused acted in some manner to lessen their own sense of shame and guilt and to enable them to understand that only the accused and not the entire Negro community was on trial."

The boy got a maximum sentence: thirty years — that's why a lawyer representing an accused rather than a theory might worry about adding willful insult to criminal injury of the victim in such a case. Many lawyers, moreover, would feel a certain squeamishness relating to the "rights" of the nurse not to have such protected libel thrown at her in a courtroom. Unrestricted advocacy is in the worst, not the highest, tradition of the bar.

Another incident of that sort in New Haven would have killed the neighborhood law offices in infancy; in most communities the program would have been strangled at birth. If the neighborhood law offices are to perform *any* services in the years ahead, they must be protected from that brand of fiery advocacy which is masochistically self-consuming. The temperament and political views of the lawyers most likely to be attracted to these offices will make the policing job difficult and uncomfortable, replete with cries of fink and brutality, but the survival of the program requires that it offer legal assistance, not a collection of newly manufactured and unseaworthy "rights." A century of hard fighting was necessary to free democratic policy-making from the crushing incomprehension of the courts; and the legislatures are not now going to give up their powers because radical (like conservative) lawyers can employ the artificial logic of natural-law rights to promote judicial supremacy. The battle to improve the condition of the poor as a group (as distinguished from the fate of individual poor people individually oppressed) must be won in the legislature, not in the courts, and it is confusing and cruel to the poor to pretend otherwise.

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The lessons of Pruitt-Igoe

LEE RAINWATER

The Pruitt-Igoe Housing Project is in St. Louis. Built in 1954, the project was the first high-rise public housing in the city. It consists of 33 eleven-story slab-shaped buildings designed to provide housing for about 2800 families. At present, it houses about 10,000 Negroes in 2,000 households. What started out as a precedent-breaking project to improve the lives of the poor in St. Louis, a project hailed not only by the local newspapers but by *Architectural Forum,* has become an embarrassment to all concerned. In the last few years the project has at all times had a vacancy rate of over 20 percent. News of crime and accidents in the project makes a regular appearance in the newspapers, and the words "Pruitt-Igoe" have become a household term – in lower class Negro homes as well as in the larger community – for the worst in ghetto living.

The description of Pruitt-Igoe which follows and the implications drawn, are based on a three-year study which I, together with a dozen colleagues, have been conducting. Pruitt-Igoe is not offered as typical of slum conditions in the ghetto – no other public housing project in the country approaches it in terms of vacancies, tenant concerns and anxieties, physical deterioration. Rather, Pruitt-Igoe is interesting precisely because it condenses into one 57-acre tract all of the problems and difficulties that arise from race and poverty, and

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all of the impotence, indifference, and hostility with which our society has so far dealt with these problems. Processes that are sometimes beneath the surface in less virulent slums are readily apparent in Pruitt-Igoe. And because Pruitt-Igoe exists as one kind of Federal Government response to the problems of poverty, the failure of that response is worth contemplating.

The dumping ground

Pruitt-Igoe houses families for which our society seems to have no other place. The original tenants were drawn very heavily from several land-clearance areas in the inner city. Although there were originally some white tenants (Igoe was built for whites, Pruitt for Negroes, but a Supreme Court decision outlawing segregated public housing resulted in an "integrated" project in its earlier years), all of the whites have moved out and the population is now all Negro. Only those Negroes who are desperate for housing are willing to live in Pruitt-Igoe – over half of the households are headed by women and over half derive their principle income from public assistance of one kind or another. The project has proved particularly unappealing to "average" families, that is, families in which there is both a mother and father and a small number of children. Thus, while the overall vacancy rate has run between 20 and 25 percent for several years, the vacancy rate in two-bedroom apartments has been in the 35-40 percent range.

Life in Pruitt-Igoe, and in the St. Louis ghetto generally, is not quite as flamboyant as in Harlem, but it has the same essential characteristics. As sociologists have discovered each time they have examined a particular lower class community in detail, the lower class lives in "a world of trouble."

In the slum, people are continually confronted with dangers from both human and non-human sources. Public housing removes some of the non-human sources of danger (like rats, or faulty electrical wiring), but can replace them by others, as when children fall out of windows or into elevator shafts in Pruitt-Igoe's high-rise buildings, or burn themselves on exposed steam pipes, or cut themselves on the broken glass outside. After about two years of intensive field observation in the Pruitt-Igoe project, our research team administered a questionnaire to a representative sample of tenants to discover how extensive were some of the difficulties we had noticed. Let me list some of the troubles which over half of this representative sample of tenants characterized as "a very big problem" in the project.

A few of these problems had to do with the design and maintenance of the project:

– There's too much broken glass and trash around outside.

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– The elevators are dangerous.

–The elevators don't stop on every floor, so many people have to walk up or down to get to their apartments.

– There are mice and cockroaches in the buildings.

– People use the elevators and halls to go to the bathroom.

However, by far the greatest number of troubles that people complained about had as much to do with the behavior of their fellow tenants as it did with design and maintenance problems *per se:*

– Bottles and other dangerous things get thrown out of windows and hurt people.

– People who don't live in the project come in and make a lot of trouble with fights, stealing, drinking and the like.

– People don't keep the area around the incinerator clean.

– The laundry rooms aren't safe: clothes get stolen and people get attacked.

– The children run wild and cause all kinds of damage.

– People use the stairwells and laundry rooms for drinking and things like that.

– A woman isn't safe in the halls, stairways or elevators.

Given these kinds of experiences it's hardly surprising that, although the great majority of the tenants feel that their *apartments* are better than their previous dwelling units, only a minority demonstrate any real attachment to the project community, and most would very much like to move out to a neighborhood that would be nicer and safer.

It is also understandable that a good many of them develop a rather jaundiced view of the public housing program. Thus, when we asked tenants what the government was trying to accomplish by building public housing and how well this had in fact been accomplished, we got answers like these:

"They were trying to put a whole bunch of people in a little bitty space. They did a pretty good job – there's a lot of people here."

"They were trying to better poor people (but) they tore down one slum and built another; put all kinds of people together; made a filthy place and so on."

"They were trying to get rid of the slum, but they didn't accomplish too much. Inside the apartment they did, but not outside."

Other troubles also make life difficult for the project tenants. For example, we asked our sample to indicate from a list of various kinds of aggressive and deviant behaviors how serious and how frequent they felt such behavior to be. One cluster of items turned out to be judged by the tenants as both highly serious and very frequent (over half of the people characterizing these behaviors as very frequent):

– Holding somebody up and robbing them.

– Being a wino or alcoholic.

– Stealing from somebody.

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– Teenagers yelling curse words at adults.
– Breaking windows.
– Drinking a lot and fooling around on the streets.
– Teenagers getting in fights.
– Boys or girls having sexual relations with a lot of different boys or girls.

In short, though some social scientists have quarreled with Kenneth Clark's emphasis on the "tangle of pathology" in the ghetto, it would seem that at least this sample from one federally-supported ghetto shares his views.

The lower class adaptation

The observer who examines the lower class community in any detail perceives an almost bewildering variety of difficulties that confront its inhabitants. But if one wishes to move from simple observation to understanding and on to practical action, it is necessary to bring some order into this chaos of troubles, problems, pains, and failure. That is, one must move from a description of *what* lower class life is like to an understanding of *why* it is that way.

Let us start with an inventory of behavior in the lower class community that middle class people think of as hallmarks of the "tangle of pathology" of slum and ghetto worlds:

High rates of school dropouts.

Poor school accomplishment for those who do stay in.

Difficulties in establishing stable work habits on the part of those who get jobs.

High rates of dropping out of the labor force.

Apathy and passive resistance in contacts with people who are "trying to help" (social workers, teachers, etc.).

Hostility and distrust toward neighbors.

Poor consumer skills – carelessness or ignorance in the use of money.

High rates of mental illness.

Marital disruptions and female-headed homes.

Illegitimacy.

Child abuse or indifference to children's welfare.

Property and personal crimes.

Dope addiction, alcoholism.

Destructiveness and carelessness toward property, one's own and other people's.

All of this behavior is highly disturbing to middle-class people – and most of it is even more disturbing to the lower class people who must live with it. It is not necessary to assume that all lower class families engage in even some of these practices to regard such practices as hallmarks of the pathology of the lower class world. Lower class peo-

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ple are forced to live in an environment in which the probability of either becoming involved in such behavior, or being the victim of it, is much higher than it it is in other kinds of neighborhoods. From the point of view of social epidemiology, then, this is a high-risk population.

Behavior of this kind is very difficult for most middle class observers to understand. If, however, this behavior is seen in the context of the ways of life lower class people develop in order to cope with their punishing and depriving milieu, then it becomes much easier to understand. Much of the social science research dealing with lower class life in general, or with particular forms of deviant behavior such as juvenile delinquency, has sought to place these kinds of behavior in their contexts. As a result of these studies, we now understand that the "unreasonable" behavior which so often perplexes outsiders generally arises as a logical extension of the styles of life that are available to lower class people in their efforts to adapt to their world.

The ways people live represent their efforts to cope with the predicaments and opportunities that they find in the world as they experience it. The immediately experienced world of lower class adults presents them with two kinds of problems:

1) They are not able to find enough money to live in what they, and everyone else, would regard as the average American way. Because of inability to find work or only work at very low pay, they learn that the best they can hope for if they are "sensible" is despised housing, an inferior diet, a very few pleasures.

2) Because of their poverty, they are constrained to live among other individuals similarly situated – individuals who, the experience of their daily lives teaches them, are dangerous, difficult, out to exploit or hurt them in petty or significant ways. And they learn that in their communities they can expect only poor and inferior service and protection from such institutions as the police, the courts, the schools, the sanitation department, the landlords, and the merchants.

It is to this world that they must adapt. Further, as they grow up, they learn from their experiences with those around them that persons such as they can expect nothing better. From infancy on, they begin to adapt to that world in ways that allow them to sustain themselves – but at the same time often interfere with the possibility of adapting to a different world, should such a different world become available to them. Thus, in Pruitt-Igoe, eight-year old girls are quite competent to inform the field worker that boys and men are no damn good, are not to be trusted, and that it isn't necessary to listen to or obey your mother because she's made such a mess of her life.

We know from sociological studies of unemployment that even stable middle or working class persons are likely to begin to show

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some of these lower class adaptive techniques under the stress of long-term unemployment. In the lower class itself, there is never a question of responding to the stress of sudden deprivation, since a depriving world is often all that the individual ever experiences in his life, and his whole lifetime is taken up in perfecting his adaptation to it, in striving to protect himself in that world and to squeeze out of it whatever gratification he can.

Strategies for survival

It is in terms of these two cardinal characteristics of lower class life – poverty and a potentially destructive community – that lower class individuals work out their strategies for living.

In most of American society two grand strategies seem to attract the allegiance of its members and guide their day-to-day actions. These are the strategies of the good life and of career-success. A good-life strategy involves efforts to get along with others and not to rock the boat; it rests on a comfortable family environment with a stable vocation for husbands which enables them to be good providers. The strategy of career-success is the choice of ambitious men and women who see life as providing opportunities to move from a lower to a higher status, to "accomplish something," to achieve greater than ordinary material well-being, prestige, and social recognition. Both of these strategies are predicated on the assumption that the world is inherently rewarding if one behaves properly and does his part. The rewards of the world may come easily or only at the cost of great effort, but at least they are there for the individual who tries.

In slum worlds, little in the experience that individuals have as they grow up sustains a belief in a rewarding world. The strategies that seem appropriate are *strategies for survival.*

Three broad categories of lower class survival strategies can be observed. One is the strategy of the *expressive life style.* In response to the fact that the individual derives little security and reward from his membership in a family which can provide for and protect him, or from his experiences in the institutions in which he is expected to achieve (the school, later the job), individuals develop an exploitative strategy toward others. This strategy seeks to elicit rewards by making oneself interesting and attractive. In its benign forms, the expressive style is what attracts so many middle class people to the lower class – the fun, the singing, the dancing, the lively slang, the spontaneous gratification of impulse. But underneath the apparent spontaneity, the expressive style of lower class people is deadly serious business. It is by virtue of their ability to manipulate others by making themselves interesting and dramatic that the individual has an opportunity to get some of the few rewards that are available to

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him – whether these be gifts of money, a gambling bet won, the affections of a girl, or the right to participate in a community of peers, to drink with them, bum around with them, gain status in their eyes. The individual learns by his expressive ability to "work game" on his peers, to "sound" on them, to "put them in a trick" (thereby raising his status by lowering the other fellow's). While the expressive style is central to preserving the stability and sanity of many (particularly younger) members of the lower class, the pursuit of expressive and self-dramatizing goals often results in behavior which makes trouble for the individual both from his own community and from representatives of conventional society. Dope addiction, drunkenness, illegitimacy, "spendthrift behavior," lack of interest in school on the part of adolescents – all can arise in part as a result of commitment to a strategy of "cool." For example, in Pruitt-Igoe teen-age boys drink, and some smoke marijuana, in order to be able to loosen up enough to develop a "strong game" (i.e., a really persuasive line with peers or girls).

When the expressive strategy fails – because the individual cannot develop the required skills or because the audience is unappreciative – there is a great temptation to adopt a *violent strategy* in which you force others to give you what you need. The violent strategy is not a very popular one among lower class people. There is little really cold-blooded violence either toward persons or property in the slum world; most of it is undertaken out of a sense of desperation, a sense of deep insult to the self. Yet this strategy does not seem as distant and impossible to them as it does to the most prosperous.

Finally, there is the *depressive strategy* in which goals are increasingly constricted to the bare necessities for survival (not as a social being, but simply as an organism). This is the strategy of "I don't bother anybody and I hope nobody's gonna bother me; I'm simply going through the motions of keeping body (but not soul) together." Apparently this strategy of retreat and self-isolation is one that is adopted by more and more lower class men and women as they grow older, as the pay-offs from more expressive strategies begin to decline.

Hopes and aspirations

And along with these survival strategies, lower class people make efforts to move in the direction of the more conventional strategies of the good life or (occasionally) of career-success. One can observe in the lives of individual families (or in whole groups, during times of extraordinary demand for lower class labor) a gradual shift away from the more destructive components of these survival strategies. It is from observations such as these, as well as from interviews about lower class people's hopes and aspirations, that one learns that lower

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class styles of life are pursued, not because they are viewed as intrinsically desirable, but because the people involved feel constraind to act in those ways given the deprivations and threats to which they find themselves subject. *The lower class does not have a separate system of basic values. Lower class people do not really "reject middle class values." It is simply that their whole experience of life teaches them that it is impossible to achieve a viable sense of self-esteem in terms of those values.*

But lower class people are also intimately alive to how things might be different. They know what they would like if only they had the resources of the average working class man – they would want a quiet, rather "square" life in a quiet neighborhood far from the dangers, seductions, and insults of the world in which they live. In the slums, there is no personal preference for – or sociological value attached to – matrifocal families, or a high incidence of premarital sexual relations resulting in unwanted pregnancies, or living alone as a deserted or divorced wife and having a boyfriend because you're afraid that if you remarry your welfare will be cut off or your new husband will not prove a stable provider. Lower class people are not easily confused between how they must live and how they would like to live. What they might wish to preserve from the expressive heritage of lower class ways (particularly when, as among Negroes, those ways provide a kind of ethnic identity and not just a class identity) they feel that they can preserve while living a more stable kind of life Lower class people would not find it nearly as agonizing as some intellectuals seem to feel they would to try to reconcile their traditions and their aspirations.

Services or income?

How can we help the slum poor achieve their aspirations? Whatever our precise answer to this question, it obviously must involve eliminating these people's poverty.

The elimination of poverty has a very simple referent. Since poverty is a relative matter – that is, relative to the total resources of the society to provide a life of particular material quality – the elimination of poverty means that the present income distribution of the nation, in which a small group of the population earns a great deal of money, a large proportion earns a more moderate amount of money, and a small proportion earns very little money, must be changed by moving that bottom portion up into the middle category. In short, the current diamond-shaped income distribution must be changed into one which has the shape of a pyramid. (I am speaking here about *family income* rather than individual income. There is certainly nothing wrong about a teen-age boy earning $1.50 an hour while he goes to school, or while he learns a trade. But there is something very

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wrong about that kind of an income for a head of the family with two or three children, or for a man who would like to be the head of the family but cannot afford to be.)

But there is disagreement – among experts and ordinary citizens alike – about the best way to achieve this. That is to say, there are basically two competing approaches implicit in the various programs for doing something about poverty. One, by far the most entrenched at present, might be called the *services strategy;* the other is the *income strategy.*

The services approach involves the design of special services for the poor. Some of these services have as their goal enabling the poor to earn an income which would make them no longer poor (as in the Job Corps and other job training programs, or over a generation's time as in Project Head Start). Other services are designed to help poor people more directly – as in special health programs, community action programs, consumer education programs, etc.

The problem with the services approach is that to a considerable extent it carries the latent assumptions either (a) that the poor are going to be permanently poor and therefore must have a vast network of special services, or (b) that the poor can be changed – by learning productive skills, by learning how to use their money more wisely, by developing better attitudes, etc. – *while they are still poor,* and that once they have changed they will then be able to get rid of their poverty.

I think these assumptions are extremely pernicious ones. Whatever characteristics the poor have which interfere with their upward mobility, they have by virtue of the fact that they *are poor.* To persuade a housewife harassed by the problems of supporting a family of four on $125 a month that she would be better off if she learned better consumer skills, or even to participate in a job training program for a relatively low-paying and insecure job, is to bring to bear a very weak intervention against the massive problems to which she has to adapt. It may be better than nothing, but it's certainly not much better than nothing.

A second problem with the services approach is that the priority of needs of the poor is categorically established when the service programs are set up. Even if these service programs are decided with "the maximum participation of the poor," it is nevertheless true that many poor families might have their own individual priorities. For example, the federal public housing program provides a service to each household in Pruitt-Igoe in the form of a subsidized apartment that costs about $545 a year. This amounts to one-fifth of the mean family income of the tenants in the project. It is very likely that, from the point of view of the needs of many of the families who live in Pruitt-Igoe, this $545 could be put to better use.

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It seems to me that one should ask of any comprehensive poverty program what dollar expenditure per poor family served that program represents, and then one should ask further whether the package of services this money represents will accomplish more than would the income itself.

For example, the Council of the White House Conference on "To Fulfill These Rights" recommended that one program to help do away with Negro disadvantage could be to increase the average school expenditure per child by $500 per year. Consider a poor family with three or four school children. Such an increase would mean devoting $1500 to $2000 a year to better educational facilities for that family's children. Yet might it not be that an increase of $1500 to $2000 in that family's income would have as much or more educational effect on those children because of its effect on the family environment?

One final problem with the services approach needs to be considered. All that we know so far of our ability to provide services to the poor suggests that it is extremely difficult to design them so that they do not have the effect of emphasizing the stigma of poverty. To provide efficient service which does not stigmatize seems a political and administrative enterprise that is beyond our capabilities. Most current federal thinking in the labor and welfare area seems much too blandly to assume that we have the skills to develop really effective services for such a special population as the poor. (Again, see the report of the Council of the White House Conference "To Fulfill These Rights," with its proposed "Metropolitan Jobs Councils," "Rural Jobs Task Force," "Comprehensive Year-Round Employment, Training and Counseling Programs," etc.) Yet most of those who have studied the actual operation of service programs for the poor find these programs lacking in both efficiency and humanity.

In contrast, the income approach goes a long way toward avoiding the difficulties that past experience suggests are inherent in the services strategy. Here the task is to develop a set of economic programs that have the direct result of providing poor famiiles and individuals with an adequate income. There are good reasons, from the social science information now available to us, for believing that the most powerful and immediate resource to assist the poor to cope with their problems is money. We know that when a man has a job and an adequate income he is more respected in his home, and he is less likely to desert or divorce his wife. We know that, under these circumstances, parents are more optimistic about their children and more likely to teach the children, by example as well as by words, that they have much to gain from pursuing their educations through high school or beyond. In short, if one wishes to reverse those effects of lower class adaptations that are unconstructive, the most direct way

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of doing it is to strike at the root of the problem – at the lack of an income sufficient to live out a stable, "good American life."

Those economists who have pursued this line of thinking have suggested various ways in which the poor can be both given money and encouraged to earn money. I am not an economist and though I have my own preferences in this area, I see no need to express them here. What I do wish to stress, rather, is that a genuine attack on income inequality is a precondition for any serious urban program – whether it be in housing, education, or health. In a good deal of the social planning going on today, the question of providing income for the poor is regarded as subsidiary to the provision of urban services. I would turn the priorities around the other way. It is only when the poor are disentangled from hopeless poverty that we can think creatively about providing services for urban Americans – one kind of service, for all urban Americans.

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The future of the not-for-profit corporations

BRUCE L. R. SMITH

The emergence of the not-for-profit corporation, as part of the new "federalism by contract," is one of the most striking features of America's postwar government organization. The not-for-profit corporation — the RAND Corporation, Aerospace, MITRE are the most publicized examples — arose when the government found that a number of important tasks had to be quickly performed for which there was no "in-house" capacity, and where civil service regulations made it difficult to recruit a staff. At the same time, such tasks — weapons evaluation, strategic planning, systems engineering and design—could not be farmed out to commercial corporations because the government agency feared a possible conflict-of-interest. The creation of a not-for-profit corporation, nominally independent, working under government contract, and controlled by a board of trustees composed of private citizens was the ingenious answer. But while this kind of corporation has been the most publicized, it is only one of a number of new kinds of social forms, intermediate between commercial and government entities, that have emerged in the last twenty years.

Some observers view the nonprofit corporate form as a "wave of the future" in government organization, an answer to the real or fancied ills of bureaucracy. Others fear that public functions have been delegated to non-government bodies, that the extensive use of private organizations has weakened the federal career service, and that the

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nonprofits are nothing but a blind for nationalized enterprise competing directly with industry on a subsidized, non-taxpaying basis. This critical view was expressed in the summer of 1965 by a subcommittee of the House Committee on Armed Services. After a lengthy indictment of the fiscal and management practices of the Aerospace Corporation, the subcommittee concluded that "it is time to examine the role of the nonprofits. There is a clear need for consistent national policy and clear evidence that such consistent policy is not now available."

The purpose of this essay is to clarify some of the policy questions at issue. With a clearer understanding of the origins of the not-for-profit corporations, the different uses to which the device has been put, and the actual, as opposed to the imagined, failings or achievements, it should be possible to assess more realistically how this organizational form may evolve in the American governing system.

Some boundaries

It is necessary, first, to place the phenomenon in perspective by ascertaining the number of not-for-profit corporations created by the government. Curiously, despite much heated argument, no satisfactory listing has ever been assembled. Several years ago the *Air Force* magazine asserted that "the demand has resulted in the organization of more than 350 nonprofit organizations in the postwar years, most of them concerned with some aspect of the missile, electronic, and atomic technologies." More recently, the figure of 450 has appeared in some discussions.

The point to be noted about such figures is that they are spurious. No reliable data substantiate such claims. Idiosyncracies of definition could substantially expand or contract the number of such organizations. But a recent tabulation in the Department of Defense Appropriations Hearings for 1966 does give us some rough basis from which to proceed. The list shows 128 nonprofit institutions receiving military prime contracts over $10,000 for experimental, development, test and research work in fiscal 1964. Of this number, however, only 24 had contracts over $1,000,000. Most of the remaining contracts, of very small dollar amounts, went to a large number of eleemosynary institutions, voluntary health agencies, and professional societies. These are not the kind of not-for-profit organizations which have been specially created to serve government needs, and they scarcely arouse much controversy.

We are left, then, with about 20 organizations that fit a reasonable definition of the not-for-profit corporation as a nongovernmental entity with its own governing structure, dependent on government clients, but independent of the annual authorization and appropriation cycle of government agencies. To the list we should probably add

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a small number of university-affiliated defense nonprofit institutions, as well as 15 institutions that work for government agencies other than the military, principally the Atomic Energy Commission and, to a lesser extent, NASA. We then have a total of some 50 organizations which have some significance for the issue at hand.

These organizations are all connected in one way or another with the great expansion of federal responsibility for scientific research, or the need for specialized technical and policy advice. They vary in mode of origin: some have been directly created under government auspices, a few have been entrepreneurial efforts that received the support of the government, others are established institutions that have been transformed into contract appendages of the government. A number of the present not-for-profits are direct outgrowths of wartime arrangements. Thus the phenomenon of the not-for-profit organizations is, in part, a reflection of the familiar tendency in government for improvised crisis-induced forms to persist beyond an immediate emergency. In the past few years, only a handful of new not-for-profit organizations have been specially created to serve government needs. At present, the not-for-profits are neither growing in numbers as a group, nor are they appreciably growing in size individually.

The problem of assimilation

To talk, as some critics do, of a "proliferation," a "vast mushrooming growth" of not-for-profit organizations is thus rather misleading. There are a fairly considerable number of such organizations performing various tasks for government agencies, but nothing like the uncontrolled efflorescence that some have imagined. In numbers, the nonprofits seem roughly comparable to the flowering of government corporations in the 1930's (when such entities as the Tennessee Valley Authority came into existence). There are other points in common. Both types arose out of a need for a public function to be performed in a more flexible administrative framework than was easily available within one of the traditional executive departments. Both types, initially, were not subject to civil service salary and personnel regulations, and career opportunities therefore tended to be more attractive. In both cases, however, pressures arose to regularize the use of the new organizational form. Opposition by the established career service was important in substantially curtailing the salary autonomy of the government corporations. And the Congress, fearing a loss of watchdog power over the executive branch, was eager to establish clear lines of accountability for the government corporations. Under the Government Corporation Control Act in 1945, the government corporations were tied more closely to the established government framework.

Similar pressures now seem to be affecting the evolution of the

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nonprofit corporations. The government now has established first claim, in the event of dissolution, to all corporate assets of organizations established under its auspices. In the David Bell Report of 1962 on government contracting for research and development, suggestions were made that seemed to augur changes in the salary autonomy of nonprofit contractors. In view of the similarities with the New Deal government corporations and their evolution, one is tempted to conclude that the nonprofits may follow a similar path: i.e., being subjected to additional controls, losing some of their uniqueness, and settling in as a permanent fixture on the governmental landscape.

Yet we must be wary of too close an analogy. The government corporations could be treated as a fairly homogeneous group. In general, they were used to administer programs of a predominantly commercial character, which involved a large number of business-type transactions with the public. Hence it was relatively easy to fashion uniform rules and procedures to govern their operations—to develop, as the House subcommittee would like to see for the nonprofits, "a consistent national policy."

The situation of the present nonprofit organizations is markedly different. The functions they perform vary considerably; they are incorporated in many different states (hence they are not, legally, federal instrumentalities), and their internal management structures and methods of operation differ. It is fanciful to suppose that they can be treated uniformly in a NonProfit Corporation Control Act similar to the Government Corporation Control Act of 1945. The nonprofits employ quite a different class of skilled manpower, and their research operations require administrative practices different in important respects from the regulation of commercial-type activities. (We have learned from hard experience how vulnerable scientific research activities are to nit-picking administrative regulations.) At the same time, the stakes are greater in view of the central importance for national defense of the functions performed by not-for-profits.

It is not surprising, then, to discover that in the case of the not-for-profit corporations the alignments of support and opposition are much more subtle, and the roots of opposition go deeper, than in the case of the older government corporations. There has been mounting opposition by commercial firms to alleged encroachment by the nonprofits into industry's traditional domain. Opposition may also arise from universities as the leveling off of federal research budgets raises fears of a "squeeze" on academic science. Beyond this, there have been important changes in government that are bound to affect the fate of the nonprofits. One of the rationales for the creation of special not-for-profit organizations was the unfavorable climate in the civil service for attracting technical personnel. In recent years, the career

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service has made some notable gains and the technical capabilities within the government have been greatly strengthened.

The question naturally arises whether functions that were once contracted out should not now appropriately be performed within the government itself. And where contracting is called for, there is now a much broader institutional base to choose from for various tasks once considered uniquely suited to the not-for-profit corporation. In brief, the status of the non-profits is far from settled; they are likely to be the subject of continuing scrutiny; and powerful pressures could bring far-reaching changes in their roles. The task is to develop some guidelines to help judge which should be preserved and which, in the light of experience, should be modified or abandoned.

Some classifications

To get a grip on the problem I find it convenient to divide the not-for-profits into four broad categories. These categories are not entirely satisfactory, for some organizations have an uncomfortable way of defying tidy classification. But the classification highlights some necessary distinctions and provides a fairly serviceable basis for discussion.

The first category is the university-affiliated research institute or national laboratory which performs some applied research or experimental task for a mission-oriented federal agency. This includes such organizations as the Lincoln Laboratory of MIT; the Applied Physics Laboratory of Johns Hopkins University; Associated Universities, Inc., which manages the Brookhaven National Laboratory and the National Radio Astronomy Observatory; and the newcomer, University Research Association, Inc., which will manage the 200-bev accelerator, if and when it is built.*

The second is the system engineering or technical management corporation such as Aerospace and MITRE. Created because of inadequate technical-managerial competences within the government, they assist government clients in the management of complex technological programs.

The third category, advisory corporations which conduct policy studies, is made up of such organizations as RAND, Research Analysis Corporation (RAC), Institute for Defense Analyses (IDA), Analytic Services, Inc. (ANSER), Center for Naval Analysis and its various component parts (administered by the Franklin Institute of

*On December 16, 1966, the AEC announced that the new atom smasher will be built in Weston, Illinois, a small village near Chicago. The contract award for the new facility, which will cost $395 million to build and $60 million a year to operate, climaxed the most intensive lobbying campaign for a federal installation in the nation's history with a victory for the science "have-not" midwestern region.

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Philadelphia), Logistics Management Institute (LMI), Human Relations Research Office (HumRRO), and Special Operations Research Organization (SORO). These advisory corporations engage principally in analytical studies, usually called operations research or systems analysis, as an aid to strategic and technical planning and operations; they have no laboratories in the usual sense; and they do not do design work or technical direction of other programs.

The fourth category, groups which perform *ad hoc* research tasks, often hardware-oriented, include such varied institutions as Battelle Memorial Institute, Armour Research Foundation, System Development Corporation, Stanford Research Institute, and Southwest Research Institute. The degree to which they depend on government contracts for support varies considerably, unlike most of the organizations in the other categories. And, unlike the organizations which tend to have a continuing relationship with a single, major client, those in category four typically work for a number of different government agencies.

The university-affiliated institute and the national laboratory

The institutions grouped together under this heading have a fairly straightforward rationale. The large applied-research effort, performing a well-defined technical task for a mission-oriented federal agency, is not the sort of effort one would want to place directly within a university. The university's role is to further research of a more fundamental character in conjunction with its important educational responsibilities. To bring in the paraphernalia of "big science" into the universities would only distort their true character. At the same time, such research institutes gain by a university affiliation because contact with academic scientists is essential for the research process. And, if handled properly, the institute can play some role in the educational process (e.g., by providing graduate students with an opportunity to gain first-hand research experience during some part of their graduate training).

The orientation, then, of the research institution or the laboratory to the university rather than to industry seems defensible on the ground that certain operations needed by Federal agencies, of an applied research or development character, should not be tied into production contracts. Industry, with its vast technical capabilities, could perform special research and design services, but fears arise that the firm, in rendering special technical services, is trying to "get a foot in the door" for eventual production work. The government agency interested in testing or evaluating a particular system often finds that a not-for-profit organization provides a more objective assessment than a firm that may later compete to build the finished system. The so-called "hardware ban" – which bars a firm doing de-

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velopment from competing for a production contract — has sometimes been used by NASA and the Department of Defense to insulate special technical services from market pressures, but this has been only a palliative and unsatisfactory. The natural inclination of the firm is to get out from under the ban, and the contracting Federal agency may continue to feel uneasy about a possible conflict-of-interest.

Even within the domain of "pure" science, where expensive research facilities are beyond the resources of a university, there seems to be a promising role for some form of nonprofit institute to manage the facility for a regional, or in some cases even a national, grouping of universities. The recent creation of Universities Research Association, Inc. (URAI)—a consortium of 34 major universities, patterned on Associated Universities, Inc.—to manage the 200-bev accelerator is a case in point. Although there are touchy questions regarding the placing of the facility and who will be able to use it, the URAI is quite a handy device. By giving a large number of universities some role in the management, it perhaps provides the only way that such expensive facilities can be made politically acceptable.

These institutions in this first category would seem to be assured of a fairly secure future. To be sure, there are a number of matters that will continue to stir controversy. To what extent, for example, should the national laboratories and the university-affiliated research institution doing applied research have a claim on *basic* research funds, or should these monies be monopolized by the universities proper? It is difficult to take seriously the argument that basic research belongs exclusively within the university domain. A too rigid separation of basic and applied research ultimately might have a stultifying effect on the progress of science. And, as in the case of the 200-bev accelerator, the not-for-profit device may be a convenient way to set up and manage an expensive research facility, even though it will be largely concerned with basic research.

There is the possibility of creating full-fledged federal corporations for research and development, instead of relying on the nonprofit institute. One variant of such a notion was suggested in the 1962 Bell Report. (The idea has been revived recently in another context — by John W. Gardner, now Secretary of H.E.W., who proposed a National Institute for Educational and Technical Cooperation, to be created as a separate corporate entity within the government, but under its own board of trustees and with an independent budget to coordinate the role of universities in the foreign aid program.) But the idea has not been acted upon by the government. There has also been talk, in the wake of the disclosure of CIA financing of private organizations, of a non-profit entity to channel public support to labor unions, student associations, and other private groups overseas. An-

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other idea currently under discussion is the notion of a non-profit domestic COMSAT corporation to develop low-cost housing for the urban ghetto. Such ideas, however, seem to remain in a state of limbo, surfacing from time to time, but so far not building enough political momentum to be adopted.

However, it is not unlikely that we will see some changes in the status of the independent corporations as older functions are fulfilled, and the institute or laboratory searches for new functions rather than just dissolve. An interesting innovation, for example, has taken place at the Oak Ridge National Laboratory which is managed by Union Carbide, under contract to the Atomic Energy Commission. Under the leadership of Dr. Alvin M. Weinberg, Oak Ridge has been transformed partly into a center for graduate education in the applied sciences. Another possibility is a change in arrangements to permit laboratories to serve several governmental agencies instead of merely one client—a step toward a full-fledged Federal Laboratory itself. Whatever these changes, however, the applied research nonprofit institutions have become woven into the institutional fabric of government, and properly so.

The systems engineering or technical management corporation

The situation is different with the second category of nonprofit corporations. Here we are compelled to take a dimmer view. The problem is not so much the secondary kind of concern voiced by the House subcommittee investigation of Aerospace—criticism of fees and salaries. The problem, more fundamentally, concerns the basic rationale for the technical management corporation.

Organizations like Aerospace and MITRE were created because the government at that time lacked adequate technical managerial capabilities. It made sense to set up special organizations because they could achieve work readiness quickly and could provide a service that the government was not equipped to offer; and nonprofit status facilitated access to proprietary information that industry was loathe to share with a competitor.

However, as the government continues to strengthen its own technical competence, the rationale for outside assistance of this sort begins to be called into question. We are moving toward a state of affairs where government agencies will be able to manage complex weapons and space systems developments without the help of an outside contractor. The Air Force, however, seems to have some doubts that it can ever develop a fully adequate "in-house" technical managerial competence. A special *ad hoc* study committee, created by the Air Force's Systems Command, submitted a report in Feburary 1966 strongly defending the nonprofit role in Air Force technical management. The Air Force study committee repeated the old arguments—

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flexibility in operations and easier recruitment of senior technical personnel—and added a new twist: the committee argued that, while the government had strengthened its "in-house" competence, the increased complexity of new systems made it more necessary than ever to tap outside skills. Aerospace's preliminary design and technical planning which contributed to the Titan III and Saturn V advanced boosters, and its engineering analyses which showed the feasibility of the Manned Orbiting Laboratory (MOL) concept, were cited as examples. The difficulty with such arguments, however, is that they merely postpone facing up to the real task—achieving greater flexibility of operation and recruiting better personnel within the government itself. It is most undesirable to build into the structure of government a permanent dependence on outside assistance for technical management functions that properly belong to accountable officials.

There are other difficulties with the technical management corporation. Its role as a mediator between the government agency and the industrial contractor leads to a complex, confusing, and unwieldly administrative system for research and development activities. The Aerospace Corporation, for example, has tried to avoid stepping too directly on industry's toes by confining itself to "general" systems engineering and leaving the "detailed" systems engineering to the contracting firm. But this leaves some potential confusion of responsibility. It would seem wiser to have the "general" systems engineering done by the government (which ultimately must make the basic management decisions) and leave the rest to the contractor who is then clearly responsible for his performance.

Perhaps in some circumstances we may still need to rely on this device where government capabilities are lacking, where unusual speed in achieving work readiness is required or where industry is more inclined to accept a not-for-profit – rather than a profit competitor – in a privileged contract position. But, in general, it seems sensible to be cautious about creating new institutions of this type. It may even be desirable to phase out some existing services where this can be done without injury to vital programs. There may be some limit to the flexibility and the freedom from red tape that can be achieved within the government, but we have by no means fully exploited the possibilities for creative innovation in the technical management roles of federal agencies. The long-term solution to the government's management short-comings is not to circumvent the formal structure but to improve it.

The advisory corporation

Our third grouping, the advisory corporations engaged in policy research and analysis on complex technical-political issues, seems

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well-suited to the nonprofit organizational form.

Within a Federal agency which has responsibility for policy and operations, the "climate" is not often conducive to creative policy research. Often the most useful policy research will be heretical or sharply critical of prevailing assumptions, and heresy does not flourish in an atmosphere in which there are strong and understandable pressures for agency-wide or government-wide policy coordination. Inherently it is unrealistic to expect individuals with a career commitment, and an emotional involvement, in agency programs to be critical and detached on long-range problems. This is not to say that it will never be useful or appropriate to organize research and planning staffs within the government. But they need to be supplemented by a contract arrangement with an outside organization that is relatively insulated from day-to-day pressures. One of the best-known examples of a successful policy research effort is a Rand study which recommended important changes in Air Force policies on the basing of strategic bombers. The Air Force saved over one billion dollars in construction costs alone, and revised its strategic concepts to provide a secure second-strike deterrent force. This sort of analysis role will likely grow in importance as we move into an era in which policymakers are less and less able to rely on intuition and conventional wisdom alone as a basis for decision.

Why the special not-for-profit corporation? Why not rely on the traditional university structure for this function? The academic community, with its reserves of talent, in some ways seems an ideal instrument for advisory work. As the technical and intellectual content of policy debate is elevated, we can doubtless expect the academic community to figure importantly in the policy process in various ways, e.g., membership of university scientists on advisory panels, special consulting assignments, occasional transfer of skills from academe to government, the work of university research centers in areas of public policy concern, etc.

There are several factors, however, which argue against the universities assuming a prominent role in the contract advisory business. First, the university structure does not encourage the multi-disciplinary effort which is often necessary in studies of complex political-technical issues. Academic incentives encourage excellence within a recognized discipline; this is traditionally the path to promotion and recognition. Further, the university traditionally has been the place where individuals can pursue basic knowledge unencumbered by obligations of immediate utility. Advisory ties with government on a large scale would certainly complicate the government-university relationship, and could pose a serious threat to freedom of inquiry. The problem becomes more acute where classified information is in-

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volved, and it seems sensible to be wary of a further incursion of classified research into the university atmosphere. The not-for-profit, far from subverting the nation's intellectual skills as some believe, can provide a convenient institutional buffer between the academic community and society's increasing demands on intellectual élites. To the extent that nonprofits can fill government needs for classified research, the pressure on university resources is reduced and some troublesome problems are avoided.

Industry is also logically in a minor role here because the advisory work often requires objective evaluations of the capabilities of systems that industry might be called upon to build, or policy recommendations that might directly benefit a particular firm or industry. No firm should function as an advisor to government on matters in which it stands to gain financially. Industry, moreover, has yet to demonstrate that it can attract the interdisciplinary skills necessary for real competence in policy-oriented research.

The State of California recently embarked on an interesting experiment in the use of industial skills for research on state problems. Four aerospace companies were asked to design "new systems" for coping with such state problems as transportation, handling of criminal and deliquent populations, waste management, and information processing. Unfortunately, it was not clear whether the work contracted for was to be policy analyses or recommendations for new "systems" (i.e., hardware) that the firms might later sell to the state. At least two of the companies appeared to have interpreted their task as requiring design studies of technological systems to be produced for the state. The experiment, in any case, was misconceived from the start. The policy questions were posed in a way that incorporated a particular technological bias. The State said, in effect, that certain technological resources (i.e., the areospace industry) were in danger of being underemployed, and therefore how could these resources be used in solving state problems? The emphasis should normally be reversed: government programs should not confuse the technological means with the policy objectives. It is wiser to start with the problems and the purposes sought, and then to ask in what ways and to what extent can various technologies contribute to the policy ends.

The California experiment has given new hope to those who would like to see industry move into the business of giving advice, as well as manufacturing instrumentalities for sale to government clients. Perhaps industry's ambitions in this field, and its hostility toward the nonprofit advisory corporations working in the defense area, can be explained, in part, by the advisory corporation's role in helping to establish the assumption that national security can sometimes best be served by *not* developing new systems, an assumption

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sharply at odds with traditional defense industry views that "more" is "better."

It seems clear that a useful function is performed by the not-for-profit corporation which is engaged in policy research. But if we are going to have the nonprofit advisors as an important part of the network of advisory services, it is vital to safeguard their independence. The Privy Counselor to the King can never be fully independent, but it is important to note that the most successful of the advisory organizations have been those which have had a genuine measure of independence from sponsor control or domination. Particularly important are program independence, the ability to determine research priorities and formulate the questions under study, and publications independence—the freedom to publish that is necessary to attract qualified staff. Also important is what we might call simple physical (or geographic) independence. Where contractor personnel work side-by-side with government officials, or occupy the same facilities, confusion of roles and ambiguities in status are bound to arise. These difficulties were illustrated in the early history of the relations between the Institute for Defense Analyses (IDA) and the Advanced Research Project Agency of the Pentagon, and later in IDA's relationship with the Weapons Systems Evaluation Group. In both cases a solution was found when IDA became more independent (including a move to separate physical facilities).

Some observers have suggested that too close an identification of a corporation with any one client – such as RAND has with the Air Force—is a threat to independence, and have recommended diversification in sponsorship for the nonprofit advisors. This view, I think, misses the essential point. Indeed, the experience of the successful advisory organizations in some ways suggests a contrary view. Intimate involvement with one agency, or several agencies with overlapping interests, seems to provide the atmosphere of mutual trust and confidence that promotes independence. All too often client diversification leads to resources being spread too thin, to empire-building, and to energies wasted in "brochuremanship" and the constant scratching for new business. The important point is that a few broad and flexible contracts permit a substantial amount of long-range background research to be carried on in support of the more specific client-oriented efforts.

This leads directly to a further question: can the device of the advisory organization, used so successfully in the defense-field, be extended to the civilian agencies? Such capabilities are badly needed in the domestic arena, and there is some reason to believe that they could contribute impressively to the operations of many non-defense agencies. However, there are likely to be some formidable difficulties in the case of the domestic agencies that may require modification in

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the kinds of analysis that can be fruitfully applied. The defense agencies, after all, have fairly well-defined missions that seem to lend themselves well to systematic analysis; they have no trouble in agreeing that "defense" is an important value and should be the responsibility of the government; and they are not beset by the problems of conflicting jurisdictions which make the job of implementing advice so much more difficult in the domestic arena. It is harder to know what might be a preferred "system," or how to assess the cost and effectiveness of various actions, when one considers the amorphous problems of, say, the Department of Health, Education and Welfare or the Office of Economic Opportunity. And it is harder to know how to go about the task of communicating the research results and stimulating decision where jurisdictional boundaries are unclear or in dispute. It is also probably illusory to expect that an advisory organization could function effectively at the highest policy levels – say, at the White House level or as a means to provide advice to Congress. Some detachment from the political process seems essential to provide the atmosphere and incentives for objective research on long-run problems. The fate of the Moynihan report suggests the difficulties of performing policy research on issues marked by great controversy and lack of value consensus.

At the same time, there are perhaps greater opportunities in many domestic areas. There is a great abundance of data which defense analysts have not always had. There is a chance to experiment with programs and to analyze the results before further action is taken – a procedure clearly unavailable in most strategic or foreign-policy planning. The argument here is the same as that for a creative federalism. The "feedback" from experimental programs in one jurisdiction can prove enormously useful in subsequent planning and action. The defense advisory organizations, moreover, made a contribution usually only after years of background work. Research on domestic problems should be given a similar chance to prove its worth. Perhaps it is not too much to hope that a closer union of social engineering and theoretical inquiry could both advance our understanding of human behavior and increase the rationality of government decision-making.

The ad-hoc group

The remaining not-for-profit organizations, differing widely in function, origin, and relationship to client, present a difficult problem of analysis. To be useful, each institution, and each contract, would have to be evaluated on a case-by-case basis. A few general observations, however, seem worth making. First, it would seem important to avoid an ideological approach in judging the worth of these institutions. Given the kind of technical services they are called on to

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perform, there is no special presumption that not-for profit status is uniquely appropriate. Indeed, there would seem to be little difference, for example, between the Battelle Institute, a nonprofit firm which developed xerography, and Arthur D. Little Co., a profit-seeking organization. Except for occasional circumstances where conflict-of-interest problems might preclude a commercial contractor, the *ad hoc* research assignment should be put up to the most qualified bidder. There is no virtue in either preferring a profit contractor out of concern for the sanctity of free enterprise or preferring a not-for-profit contractor out of a distrust of commercial motives. What has to be determined is the *competence* of a particular contractor, whether profit or nonprofit, for a particular research task. The fate of individual institutions should be left largely to the play of the market for specialized technical services, with perhaps the only presumption being that we want to maintain a fairly broad and flexible base of capabilities.

In contrast to the advisory corporations, which need a stable long-term client relationship or at least a stable source of support, the *ad hoc* not-for-profit institutions may function quite effectively with a wider clientele and diversified financial support. Their main rationale, from the government's point of view, is that they represent an additional resource that can be tapped for special services when needed.

Some not-for-profit firms perform work for industrial as well as for government clients, and on occasion they may even compete with industry for a certain range of government contracts. The first aspect — work for industrial clients — presents few difficulties and there is the precedent set by the Stanford Research Institute (SRI). In 1961, SRI worked out an arrangement with the Bureau of Internal Revenue whereby it segregated that portion of its income derived from government contracts, from income derived from proprietary research for industrial clients, in order to pay income taxes on the latter. SRI thus became partly a profit and partly a not-for-profit firm, an arrangement that does not seem unusual or inherently unworkable. The not-for-profit performing some proprietary work for industry can simply be treated for tax and regulatory purposes the way a management consulting or other profit-making firm would be treated.

The second aspect — direct competition with industry for government contracts — is much more troublesome. Industry is extremely sensitive on this point and can be expected to resist an enhanced role for the nonprofits in the wide domain claimed as industry's traditional sphere of operations. The experience of System Development Corporation (SDC) illustrates some of the difficulties. SDC was set up as a "spin-off" from Rand to undertake training of air force personnel in the complex early warning defense systems. It has a strong competence in computer technology and programmed learning. A few

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years ago, anticipating a lessening Air Force need for its service, SDC sought to diversify its base of support by entering into competition for government contracts with producer companies in the computer technology field. Industrial opposition forced the Air Force to bring pressure on the SDC board of trustees to change the Corporation's top management and to endorse a policy of not "directly" competing with industry for government contracts.

SDC has since obtained additional contracts with government agencies, including some non-defense agencies, but the contracts were negotiated on a "sole source" basis. One may question whether this sort of restrictive policy is desirable in the long-run. Why not let all potential contractors compete on an equal basis in all cases where unique advantages do not dictate a particular institutional setting? This would seem to be more efficient, more flexible, and more in keeping with the spirit of enterprise than any effort to assign fixed spheres of influence to certain types of contractors.

Conclusion

In the development of technical services we have created a pluralist and evolving institutional base: a wide variety of institutions to choose from, some profit, some nonprofit; some a hybrid of profit and nonprofit; some directly administered by the government. There is competition and some overlap of function and, significantly, there is a chance for new institutions to emerge and old ones to be pruned out. Perhaps certain institutional adjustments could serve to facilitate the movement of technical scientific manpower from one sector to another. If we could form something like a national pool of research manpower, a range of technical personnel might be able to change institutional affiliations more easily, while such a simple device as a uniform pension and health plan, which could be transferred from firm to firm (as is available now to college professors in the Carnegie-created Teacher's Annuity company), might also play an important role in facilitating transfer of skills and institutional realignments.

There is little likelihood, in any event, that traditional forms of industrial organization will be fully supplanted by the not-for-profit institutions in performing research and technical services for the government. Profit enterprise is firmly embedded in the institutional structure of our society. And, as science-based technologies replace property as a new source of wealth, there will always be opportunities for new industries to spring up around new ideas. The continuing objective is to maintain the dynamism and vitality of the institutional base — and experimentation with novel not-for-profit organizational forms, no less than the nurturing of the entrepreneurial spirit, would seem to be important for the government.

Nonprofit status can offer a degree of impartiality and divorce

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from commercial concerns that is important to the government. The not-for-profit entity functioning as a confidential advisor — close to, yet somewhat aloof from, the centers of power — has some unique attributes, if properly used. The use of the nonprofit corporation in a technical managerial role, however, seems more debatable. In still other cases, the not-for-profits should simply be viewed as one potential resource among many to be tapped by the government as their special competences merit.

It seems unlikely that we can sensibly formulate a "consistent national policy" to deal with the variegated not-for-profit corporations. Their functions are too diverse, the extent to which they are subject to federal jurisdiction is not entirely clear, so that many of the controls that need to be exercised are probably best left to the discretion of the sponsoring government agency. Thus, any analogy with the earlier government corporations, and the efforts undertaken to regulate their operations, can be quite misleading. It is particularly important to avoid the accountant's mentality in framing policy toward the not-for-profits. "Efficiency in the small" should not be pursued at the cost of "efficiency in the large." The fact is that, despite some problems, this new class of organizations has been an important national asset, and a muckraking zeal should not be allowed to disrupt the system.

The real problems will be the subtle questions of distinguishing the vital from the unnecessary (and possibly harmful) controls over different types of contractor operation, guarding against conflicts-of-interest of an unusual and little-understood nature, developing better criteria for assigning particular research tasks to particular organizations, and creating new leadership (both career and political) within the government than can keep a steady and guiding hand on the contract apparatus. Most important is the crucial problem of keeping clear central objectives in the hands of accountable public officials, rather than assign them to independent organizations, and of maintaining a fundamental government competence in technical and scientific pursuits. In the broad partnership of government with universities and not-for-profit organizations, especially in the realm of science policy and research, a pluralism of power is highly desirable. Yet in avoiding the evils of a centralized bureaucracy we may also encounter the subtle evils of a network of private bureaucracies. The Federal government must remain the political center of gravity. Or else, in making our governing system so diffuse, we will have made it unmanageable.

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CURRENT READING

How to Conduct a Democratic Policy Debate — New Left Style

The following two items are taken from *New Left Notes*, the weekly paper of Students for a Democratic Society (March 6 and April 3, 1967).

I

U. N. Ambassador Goldberg came to Harvard three months after MacNamara's refusal to debate war critics provoked the wild demonstration that embarrassed the university and delighted the left. The challenge to SDS was to make Goldberg's visit as successful an expression of anti-war sentiment as MacNamara's had been. But this time the officials got smart: the challenge to debate was accepted, and SDS was faced with the problem of the diversion of anti-war sentiment from direct protest into a verbal confrontation in which the administration might come out unscratched.

The problem of a debate is that it gives the administration a chance to answer, and since they have an answer for anything, the political fact of opposition could be lost. With the dean's office in charge of the debate format, the situation was especially threatening.

In an effort to maximize the possibility of the effective expression of anti-war arguments, SDS issued its "demands" for the Goldberg appearance, calling for (1) a panel of questioners, at least half of whom were war critics; (2) the opportunity for panelists to rebut Goldberg's answers and ask follow-up questions; (3) lengthy and detailed questions from the audience; and (4) accessibility of microphones to panel and audience. The demands were accepted, and the panel was named. It included two faculty members, one of them a New Left type, and three students: a Young Republican, a student government leader, and an SDS representative. All five panelists turned out to be anti-war in one way or another. . . .

. . . . It should be remembered that this was not an intellectual confrontation, it was a political one. The day would not necessarily be won by the clearest argument. The political effectiveness of the anti-war arguments, rather than their mere correctness or rationality, should have been the primary consideration. Rational arguments that do not imply or provide a radical critique of the war should have been eliminated. Since there will be some answer to any question, it is most important that the question itself convey an expression of radical opposition to the war.

by Jon Wiener
Harvard

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II

With respect to the Stanford-Humphrey and Harvard-Goldberg confrontations, I'd like to propose the following program:

1) Foreign policy spokesmen for the administration will be permitted to speak on campus only if they agree to answer questions from floor mikes for a specified minimum amount of time. Any address which does not meet this minimum condition will not be tolerated. This means no trade-off such as a debate-free address in the morning and a debate in the afternoon. Every speech must end in floor debate. The implication, incidentally, is that no honorary degrees be granted to such figures.

2) Opponents should whistle at any comment made by the speaker which draws applause from administration supporters.

3) Opponents should greet the more extreme moral crudities made in a speech by snapping the fingers of both hands. This produces an insane effect of thousands of gnomes applauding. The speaker can speak over the crackle of the snapping. Should administration supporters try to drown out the snapping with normal applause, the snappers should begin to whistle (as well as snap).

4) Finally, and most important, The Question. Set in the most carefully worded context, avoiding sarcasm as well as moralism while making its moral profundity clear to all: "How many civilian deaths are you willing to tolerate to accomplish the political objectives set forth in your address?" It must be made absolutely clear that the questioner will not retire from the microphone until a literal number is given and that the questioning will not go further if the number is not forthcoming.

5) The text of the Question as well as the meaning of snapping and whistling should be written out in a fact sheet to be handed to the press in advance of the speech.

6) It is possible that should the speaker's answer to the question be obviously unresponsive that the audience might snap and softly whistle "The Answer Is Written in the Wind", or "The Horst Wessel Song" or "Yellow Submarine." Or they could hum. But the effect should be that the sound is soft enough so that the answer can be heard above the soft whistling, hymning and snapping.

7) The student body should be invited to practice these effects at rallies held the week before the Speech is delivered.

Fraternally,
Dick Walker

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